Niagara Parks

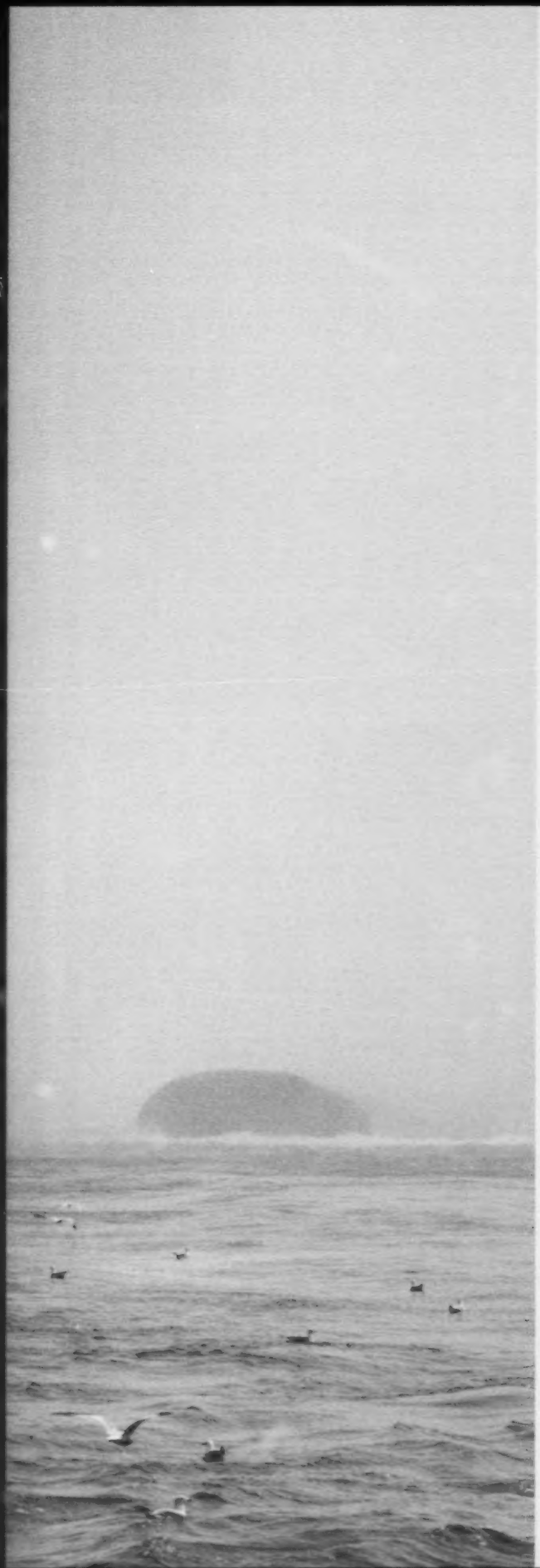
2016

THE NIAGARA PARKS COMMISSION

ANNUAL REPORT • APRIL 1, 2015 TO MARCH 31, 2016

Niagara Parks

An agency of the Government of Ontario since 1885



THE NIAGARA PARKS COMMISSION

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THE NIAGARA PARKS COMMISSION

Our Role and Mission

Niagara is a region steeped in history and blessed by geography. As steward of one of the world's greatest natural wonders, The Niagara Parks Commission (NPC) plays a key role in maintaining, protecting and showcasing the grandeur of the Falls, while contributing to the economic growth and success of Niagara and Ontario.

As a self-funded agency of the provincial government, NPC is responsible for the maintenance of 1,325 hectares of parkland, stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario.

Our mission remains the same as it was when the Commission was first established in 1885:

To preserve and enhance the natural beauty of the Falls and the Niagara River corridor for the enjoyment of visitors while maintaining financial self-sufficiency.

Niagara Parks
An agency of the Government of Ontario since 1885

Ontario

THE NIAGARA PARKS COMMISSION

The Commissioners

Janice Thomson,
Chair
Appointed Nov. 16, 2011
Term expires Nov. 15, 2018

Joan Andrew,
Vice Chair
Appointed Dec. 5, 2012
Term expires June 2, 2018

Pat Darte, *Commissioner*
(Niagara-on-the-Lake nominee)
Appointed Feb. 25, 2015
Term expires Nov. 30, 2016

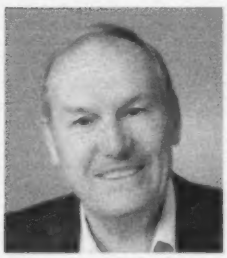
James Detenbeck,
Commissioner
Appointed Aug. 1, 2012
Term expires Sept. 15, 2018

Jim Diodati, *Commissioner*
(Regional Municipality of Niagara nominee)
Appointed Feb. 25, 2015
Term expires Nov. 30, 2016

Lois Anne Giles,
Commissioner
Appointed June 20, 2012
Term expires July 19, 2016

Michael Goodale,
Commissioner
Appointed Feb. 12, 2014
Term expires Feb. 11, 2017

Vincent Kerrio,
Commissioner
Appointed April 18, 2007
Term expires Nov. 30, 2016



Ian Nielsen-Jones,
Commissioner
Appointed June 20, 2012
Term expires July 19, 2016

Kerry Pond,
Commissioner
Appointed Mar. 1, 2012
Term expires Sept. 15, 2018

Wayne Redekop, *Commissioner*
(Town of Fort Erie nominee)
Appointed Feb. 25, 2015
Term expires Nov. 30, 2016

Virginia West,
Commissioner
Appointed Nov. 29, 2010
Term expires Nov. 30, 2016

THE NIAGARA PARKS COMMISSION

A Message From the Chair

The Niagara Parks Commission and the tourism industry as a whole in Niagara entered the 2016 fiscal year optimistic that an upswing in the tourism economy was soon to take place. Major events planned for the year, such as the Pan Am and Parapan Am Games in Toronto, as well as Niagara hosting Destination Canada's most important industry gathering – Rendez-vous Canada – were expected to be important factors in shining a positive spotlight on Ontario, Niagara and Niagara Parks as world-class destinations worth visiting.

Entering the fiscal year, one would not have expected the tremendous cold, or 'polar vortex,' experienced in the winter of 2015 to help set the tone for the successful tourism year to come; but that is exactly what happened. The phenomenon known simply as the "Frozen Falls" took hold early on, leading to renewed international attention, traditional and social media coverage and increased visitation to Niagara and Niagara Parks throughout the entire year. With coverage obtained on CNN, the NBC Today Show and NBC Nightly News, Niagara Falls once again became a top of mind destination to many, including those in Canada's most important international tourism market, the United States.

This positive coverage and increased visitation were harbingers of good things to come, as Niagara and the Canadian tourism industry as a whole experienced a tourism renaissance not seen in years. In fact, in its 2015 Annual Report, Gateway to Growth, the Tourism Industry Association of Canada indicated "2015 is shaping up to be one of the best years for Canadian tourism in over a decade."

NPC's positive operational results speak for themselves: A resurgence in tourism visitation and spend has taken hold this past year, and The Niagara Parks Commission management and staff have been able to translate this increase in business to sustainability for the future, through investments in infrastructure and marketing efforts.

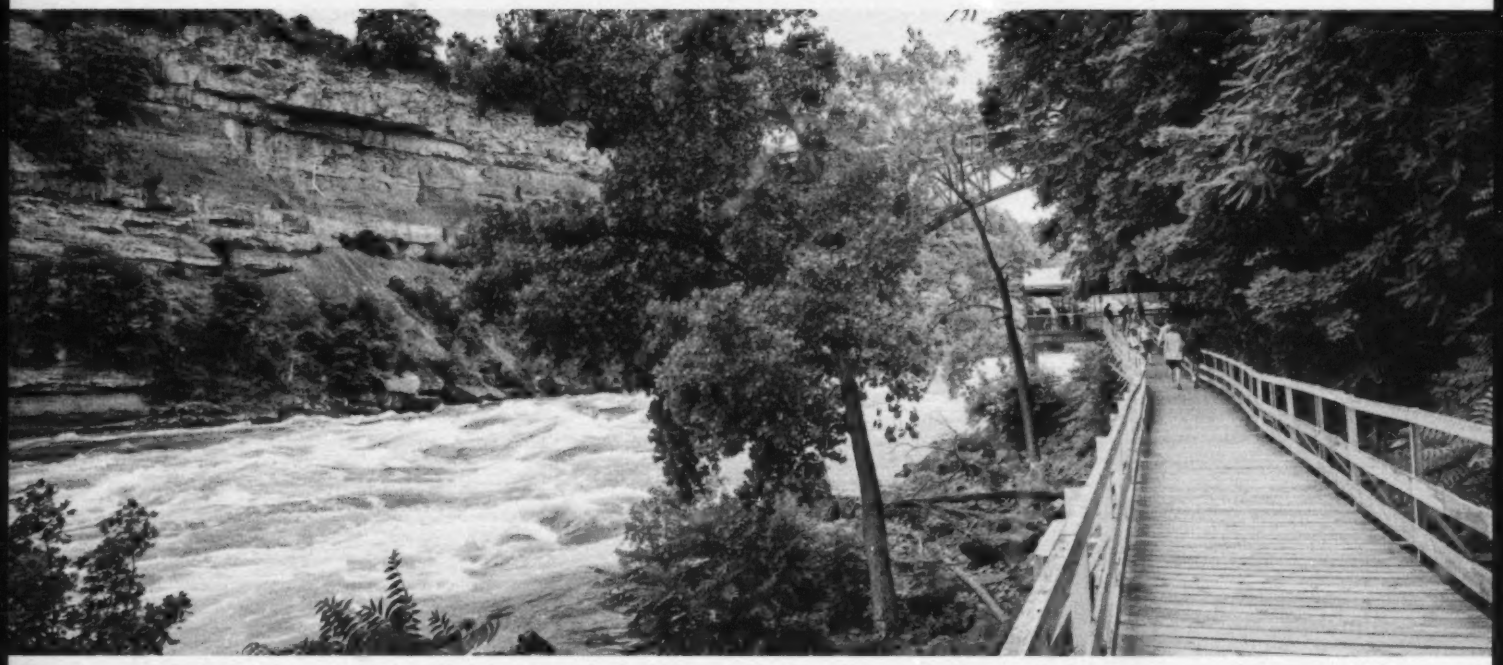
Hosting important events and obtaining positive media coverage has been one factor in the economic recovery which has taken root. Continued economic growth in the United States, lower oil and gas prices, combined with a low Canadian dollar, has also benefited both the Canadian and Niagara tourism industries.

While this growth in visitation and its associated spend can be in part explained by economic factors such as the low value of the Canadian dollar, it is important to remember that more is needed to sustain a healthy tourism economy than what the Tourism Industry Association of Canada has called, simply "relying on currency exchange as a growth strategy..."

Niagara Parks was well aware of this and the Commission was able to implement its own strategic plan, which resulted in greater investments in new products and services, marketing and brand development, as well as an enhanced value proposition – in order to help educate and drive continued and sustained visitation to Canada's most recognized tourism destination.

For instance, in 2015 a greater emphasis was placed on improving the visitor experience at Niagara Parks sites and attractions. At NPC's Journey Behind the Falls attraction, improvements were made to its ticketing plaza, to create a greater sense of arrival and awareness for visitors about the attraction, which celebrated its 126th year of operation. New elevators were also installed to improve the overall access, comfort and safety for visitors to Niagara Parks' most popular attraction.

In preparation for the 80th anniversary celebrations of NPC's Oakes Garden theatre in 2017, much needed rehabilitation work was completed at the site and its adjoining Rainbow Gardens. During the year, new accessible entrances and pathways were constructed to enhance the public facility and, with matching funds provided by the federal government's Canada 150 Community Infrastructure Program ($500,000), NPC will also be undertaking restorative work on the theatre's



pergola wall, which was removed in 2012 due to structural concerns. With Canada's sesquicentennial soon approaching, NPC has been pleased to work on this project, as the theatre and its associated gardens are outstanding examples of design and architecture created to specifically act as a dramatic gateway into Canada, by showcasing Canadian art, architecture and craftsmanship – all in order to enhance the visitor experience within the Niagara Parks system.

Niagara Parks continues to move forward with its plans to improve the overall operations of its Niagara Parks Marina. Following a well-attended public information session on October 29, 2015, a formal Request for Information was issued by the Commission on November 17, 2015. Based on this feedback, a subsequent Request for Qualifications was then launched in February 2016, seeking response to NPC's objective of creating an enhanced marina resort and destination facility, which would provide not only added community benefit, but also increased opportunities to generate and sustain economic growth along the south Niagara Parkway.

NPC's continued vision for the marina and its associated lands is to create a regionally unique recreation destination, which is appropriate to the Niagara Parkway and its historical river setting. This vision is based on the establishment of an exceptional public marina facility that will be developed in an economically and environmentally sustainable manner. It will also provide easy and convenient access to all the attractions along the Niagara Parkway.

As these examples and efforts attest, the financial improvements realized during the 2016 fiscal year have allowed Niagara Parks to make greater investment back into its infrastructure and facilities. In 2015, NPC was able to allocate $7.5 million toward its capital works projects during its 17-month fiscal period, while this past fiscal year alone, another $7 million was devoted to infrastructure improvements.

THE NIAGARA PARKS COMMISSION

A Message From the Chair

These investments are over and above what will be required by NPC to maintain three significant former hydro-electric generating stations – Toronto Power Generating Station (TPGS), Ontario Power Generating Station (OPGS) and Canadian Niagara Power Generating Station – that were transferred to NPC by Ontario Power Generation Inc. (OPG) and Fortis Ontario respectively, in 2007 and 2009.

In pursuing a path toward the future redevelopment of these stately facilities, The Niagara Parks Commission procured the services of +VG Architects in the spring of 2015, to provide consulting services and assist the Commission in the development of a 'Project Charter,' to guide the redevelopment and possible Request for Proposal (RFP) efforts toward the adaptive reuse of these three buildings.

The Project Charter involved five phases. The first was a review and consolidation of all existing power plant reports and site condition assessments. The second resulted in a gap analysis being completed, as well as an initial visioning workshop held with the Niagara Parks power plant sub-committee, in December of 2015. The third phase involved minor RFPs, which were needed to acquire any possible missing information, including the preparation of a strategic conservation plan. This plan is a requirement under the provincial Standards and Guidelines for the Conservation of Provincial Heritage Properties.

The final two phases of the Project Charter involve the establishment of overall priorities for the project, based on additional visioning exercises to be held with stakeholder groups in the 2017 fiscal year. Following these consultations and with the information obtained during the Project Charter work, an assured baseline document will then be created, to help move the process toward the final adaptive re-use of these facilities.

NPC's work on the revitalization of its Marina, as well as that of the Power Plants, provides an excellent example of the increased consultations undertaken by NPC to reach out to its stakeholder communities to receive feedback and explain its plans moving forward. Included in these consultative efforts were presentations made to all three local municipal councils, as well as public open houses conducted for the Marina and Power Plants projects. Indigenous consultations and cultural reviews were also conducted to assist in moving these future development projects forward. Public Information Sessions, biannual staff presentations and an annual update on NPC's Multi-Year Accessibility Plan were also held during the year. The Commission appreciated the input of all who participated in these venues and forums, sharing their generous experience and knowledge with the Commission.

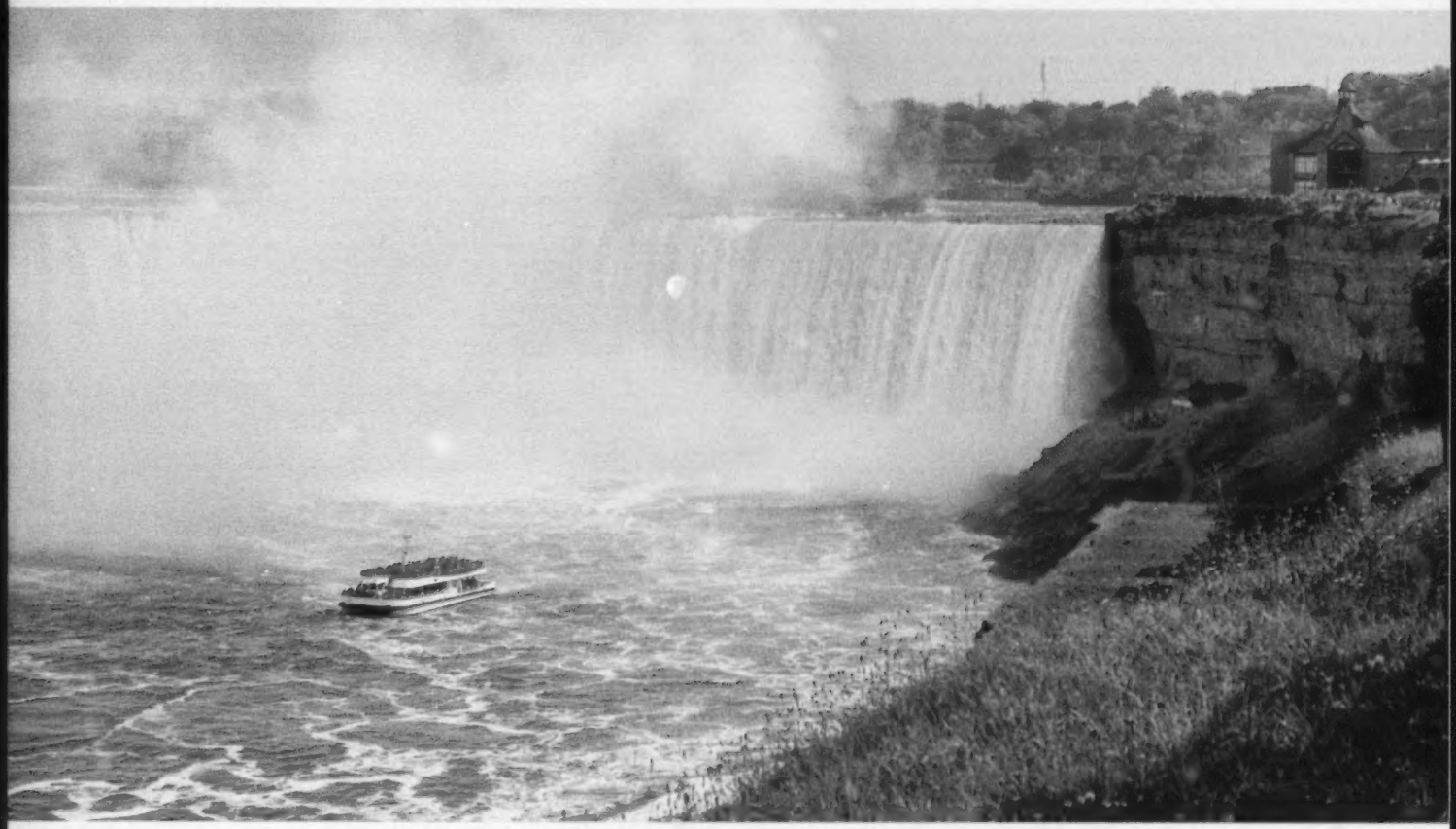
As part of its ongoing role to support the destination and promote increased visitation to the region, Niagara Parks and the Niagara Falls Illumination Board began investigating new lighting technology and capabilities to improve the overall illumination of both the Canadian Horseshoe and American Falls. It had been almost 20 years since the Illumination Board made a major investment in lighting technology, and the success of events such as the Nik Wallenda high wire walk and Red Bull Crashed Ice had shown the tremendous potential increased lighting could provide in showcasing the destination to visitors from throughout the world.

As such, the Illumination Board, with the added financial support of local community stakeholder groups on both sides of the border, moved forward with an open and transparent RFP process to enhance the nightly illumination of the Falls. In December 2015, a preferred proponent was selected, and plans put in place to implement the Illumination Board's $4 million investment plan to provide enhanced evening illuminations of both Falls, in time for both the 2016/2017 winter tourism season and Canada's upcoming 150th anniversary celebrations in 2017.

At NPC's White Water Walk attraction, a new staircase and a fully accessible viewing platform were built last year, to allow all visitors an opportunity to marvel at the Class 6 rapids and the relentless power and beauty of nature, from this location.

THE NIAGARA PARKS COMMISSION

A Message From the Chair



Accessibility was also a key consideration in the revitalization of the NPC lower Falls Incline Railway Plaza, which was completed in the summer of 2015. The redevelopment of the lower plaza was initiated in order to create a more welcoming environment for the thousands of visitors entering Niagara Parks each day. More importantly, it allowed NPC to build upon its efforts to improve the overall accessibility of all its sites and attractions located within Queen Victoria Park.

The revitalized lower plaza also brought with it exciting opportunities for NPC to provide new programming options and services at this location, allowing this new pedestrian space to become a meeting place where guests could obtain information, plan their visit, and enjoy all that Niagara Parks has to offer. This was particularly timely, as Niagara Parks played host to events such as the Rendez-vous Canada tourism showcase and then later served as one of two starting points for the Parapan Am Games Torch Relay, which took place on August 3, 2015.

During Rendez-vous Canada, Niagara Parks was pleased to announce it received provincial approval to enter into an agreement with Niagara Adventure Excursions Inc., to develop and operate a new zipline attraction and aerial adventure course at NPC's Grand View Marketplace and Thompson Point locations. These two new attractions will provide visitors with a breathtaking, authentic Niagara

Falls and Niagara Parks experience. They will also be in keeping with Niagara Parks other natural attractions and will provide another unique way to interpret the Falls, the Niagara Gorge and all the lands along the Niagara Parkway, without impacting views or access enjoyed by other visitors to the Falls.

Year two of the NPC's new partnership agreement with Hornblower Niagara Cruises saw the boat tour company host 1.8 million passengers during their sailing season. As one of the most popular tourism attractions within the destination, Niagara Parks is pleased to be working with Hornblower as they share our vision and commitment to building on the strength of what Niagara and Niagara Parks is all about: building memories and creating experiences that will last a lifetime.

As Chair of the Commission and as a Board member for the 2015 Pan Am and Parapan Am Summer Games, I wish to state how pleased and honoured Niagara Parks was to have been selected as a Pan Am Games community torch relay celebration zone, as well as one of two official starting points for the Parapan Am Games Torch Relay.

To celebrate the success and achievements of the more than 10,000 athletes and officials from 41 countries from the Americas taking part in the Games, Niagara Parks was proud to highlight the tastes, sounds and experiences of those participating countries within the Park. A variety of entertainment was held, ranging from street performers and story tellers to dancers and live musical performances. Niagara Parks' culinary team also created special themed menus during the Games, to showcase the very best tastes of the Pan Am regions. As well, in recognition of this unique sporting and cultural event, Niagara Parks would go on to plant 10,000 new trees within the Park – one for each of the Parapan and Pan Am Games' participants that visited Ontario and took part in the Games.

This past fall, NPC was proud to take part in the ground breaking ceremony for the Landscape of Nations War of 1812 Native Memorial, which is being constructed and placed on the historic grounds of Queenston Heights Park. Given the significant involvement of Niagara Parks in the preservation of several War of 1812 sites within the region, the Commission has been pleased to be involved in this project, funded by the Niagara-on-the-Lake Bicentennial Committee Legacy Fund, which seeks to honour and formally recognize the contributions of The Six Nations and their native allies during the War of 1812.

The past year also saw Niagara Parks continue its effort to further promote and establish its brand and vision of becoming one of the most respected parks agencies in all of Canada. To do so, a multi-layered marketing and public relations approach was adopted, relying on both traditional media and advertising options, as well as new media and social media efforts to effectively position NPC's truly unique places, experiences and offerings.

Showcasing an expanded value proposition available to Niagara Park visitors was another means by which staff promoted the destination this past year. With in-Park visitor survey data continuing to indicate visitors' length of stay was increasing within the destination, Niagara Parks moved to build on its already popular bundled pass products – Niagara Falls Adventure Pass, Classic and Nature – by creating the Niagara Falls Adventure Pass Plus offering. This Adventure Pass Plus allowed guests to visit all Niagara Parks attractions/nature sites offered by the two other popular Pass products and was tailored specifically to those guests who had the time, as well as desire, to visit a broad range of Niagara Parks' attractions. This greater diversity in product offerings met with great success, and in its first year alone, more than 27,000 Adventure Pass Plus units were sold.

Not limiting itself to marketing initiatives, Niagara Parks continued to take a leading role in the development of events and promotions to further enhance and encourage visitation to Niagara and Niagara Parks. In August, NPC was pleased to announce the return of its highly entertaining and family-friendly sound and light

THE NIAGARA PARKS COMMISSION

A Message From the Chair

show, Ongulaahra: Thunder of Waters, which combined the power of water, sound and laser light to showcase the beauty, mystery and magic of Niagara Falls.

In addition to hosting its own events, Niagara Parks has continued to play a leadership role within the destination and in dealing with local stakeholder groups and governments on joint promotional efforts, including Canada's longest running fireworks program (23 years), the traditional New Year's Eve concert within Queen Victoria Park and the newly revitalized Winter Festival of Lights that has been taking place in the community and within Niagara Parks for the past 33 years.

During the summer and as part of its continual efforts at promoting and growing the game of golf, NPC was proud to announce the return of its annual junior golf programs, as well as the revival of one of its more important golf tournaments, the Whirlpool Amateur. Encouraging children to play golf and making the game fun, accessible, affordable and welcoming for all young people is key to the health and future of the game, and NPC was proud to have over 400 junior golfers participate in this popular program.

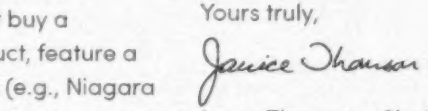
This past year, NPC's culinary team continued to build upon its brand redevelopment strategy through menu engineering and a shift toward offering more locally grown food and produce, as well as locally produced VQA wines and craft beers. These efforts, which have met with great success, led NPC to seek FeastON certification through the Ontario Tourism Culinary Alliance, for its Elements on the Falls Restaurant, Queen Victoria Place Restaurant and Queenston Heights Restaurant.

FeastON accreditation is awarded to restaurants following a rigorous review of their menus and food purchase history. FeastON restaurants must buy a minimum of 25 per cent Ontario food product, feature a minimum of 25 per cent Ontario beverages (e.g., Niagara VQA wines, Ontario craft beer) and support the promotion of Ontario products through both partnerships and participation in community events supporting this mandate. Through this program, Niagara Parks is supporting and profiling Ontario foods and beverages, bringing particular focus to the Niagara region and our local producers. In the year ahead, NPC staff will continue these efforts, as it looks to certify its two remaining full service restaurants, at Legends on the Niagara Golf Complex and at the Whirlpool Public Golf Course.

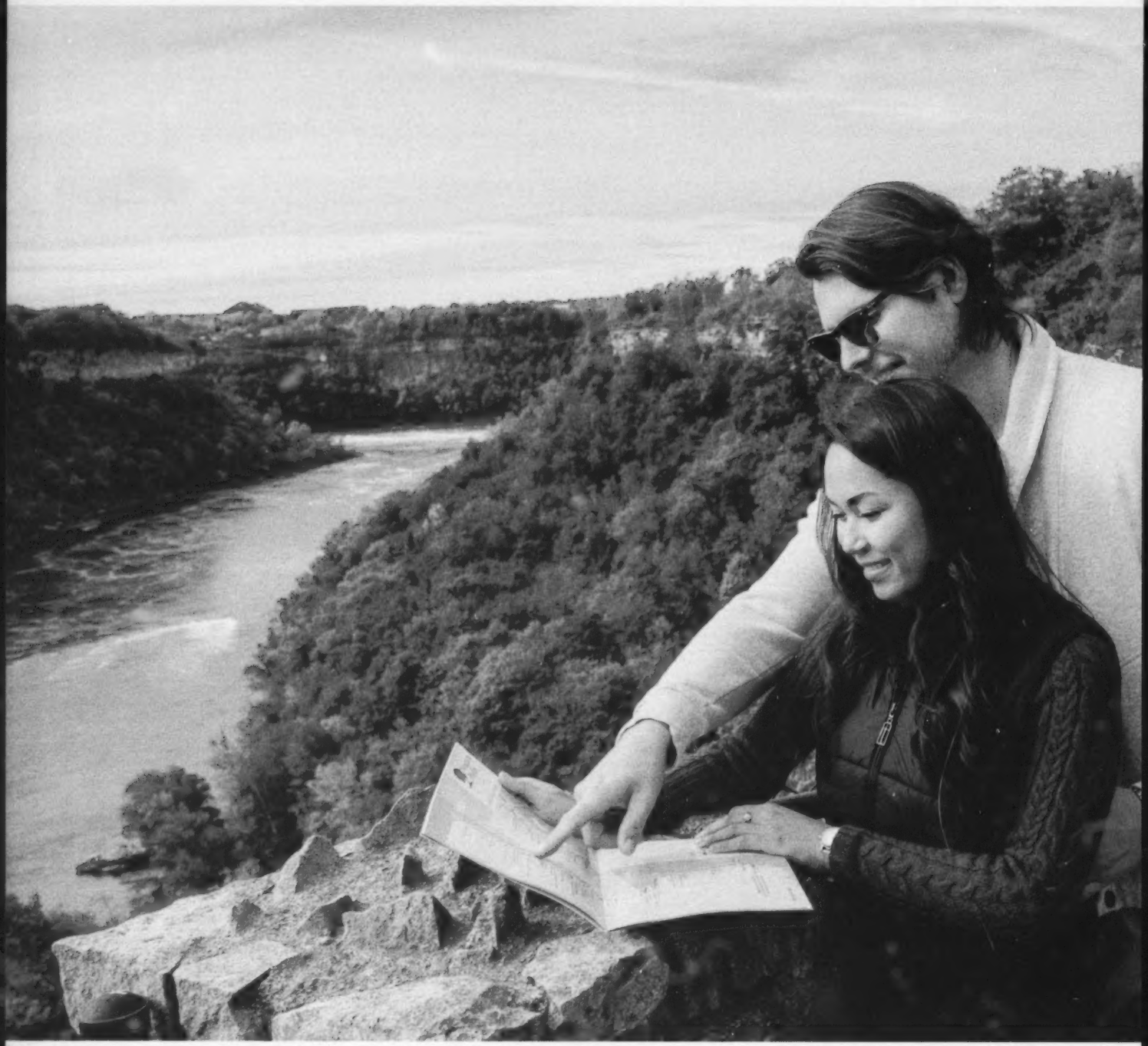
As a meeting place for people from throughout the world, NPC was pleased to help play host to the more than 11 million visitors that came to this region in 2016. The fiscal year was an eventful and successful one for Niagara Parks and was reflective of the effort expended by all who support the work of the NPC. I would like to take this opportunity to thank the Commissioners, the executive team and all staff of The Niagara Parks Commission, for being outstanding ambassadors and stewards for the lands we not only showcase, but also are entrusted to protect.

The board and I would also like to thank General Manager, John Lohuis, who announced his upcoming retirement from NPC in the summer of 2016. His contributions to the organization have been much appreciated and highly valued by the Commissioners. Mr. Lohuis' extensive experience and application of management skills resulted in measurable gains for NPC in a multitude of areas: staff development, project management, cross-departmental initiatives, attention to safety and visitor comfort, capital improvements and generation of a positive financial result through prudent fiscal management. We thank him for his dedicated service to Niagara Parks and wish him well in his retirement years.

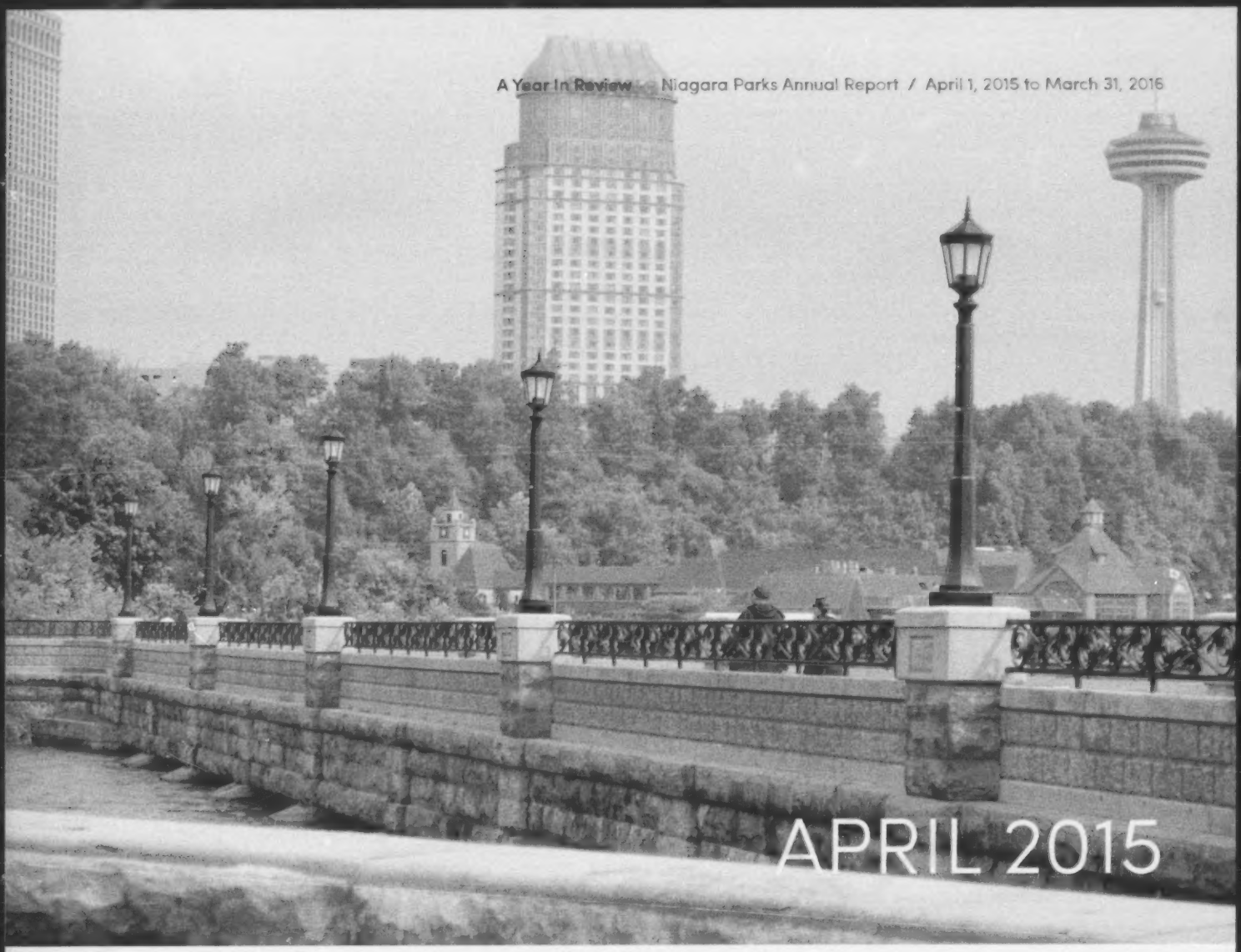
Yours truly,



Jance Thomson, Chair
The Niagara Parks Commission



A YEAR IN REVIEW



APRIL 2015

NPC Restores

April 2015

Canadian Niagara Power Bridge Recognized with Engineering Award

The work of NPC contractors, Rankin Construction and the design efforts of Ellis Engineering on the restoration of NPC's Canadian Niagara Power Bridge, were recognized with the prestigious Willis Chipman Award, during the 2015 Ontario Consulting Engineering Awards. The Willis Chipman Award is that association's premier award and recognizes a project that best demonstrates consulting engineers and their contributions to the social, economic and environmental well-being of Ontario.

NPC Prepares

April 2015

Annual Rock Scaling Along Gorge Wall

A sure sign of spring and the busy tourism year to come, Niagara Parks' staff undertook the annual delicate work to remove much of the loose rocks and debris built up along the Niagara Gorge wall during the winter months. Once completed, the opening of the lower observation deck of the Journey Behind the Falls attraction then took place.

MAY 2015

NPC Grows

May 2015

Forests Ontario Community Tree Planting Event

As a result of its strong partnership with Forests Ontario, NPC was able to greatly expand its tree planting program. This past year, 40,000 new trees were planted within the Park, including 10,000 trees in recognition of and tribute to each of the athletes and officials taking part in the 2015 Pan Am and Parapan Am Games.

NPC Welcomes

May 26, 2015

NPC Hosts Rendez-Vous Canada Tourism Showcase

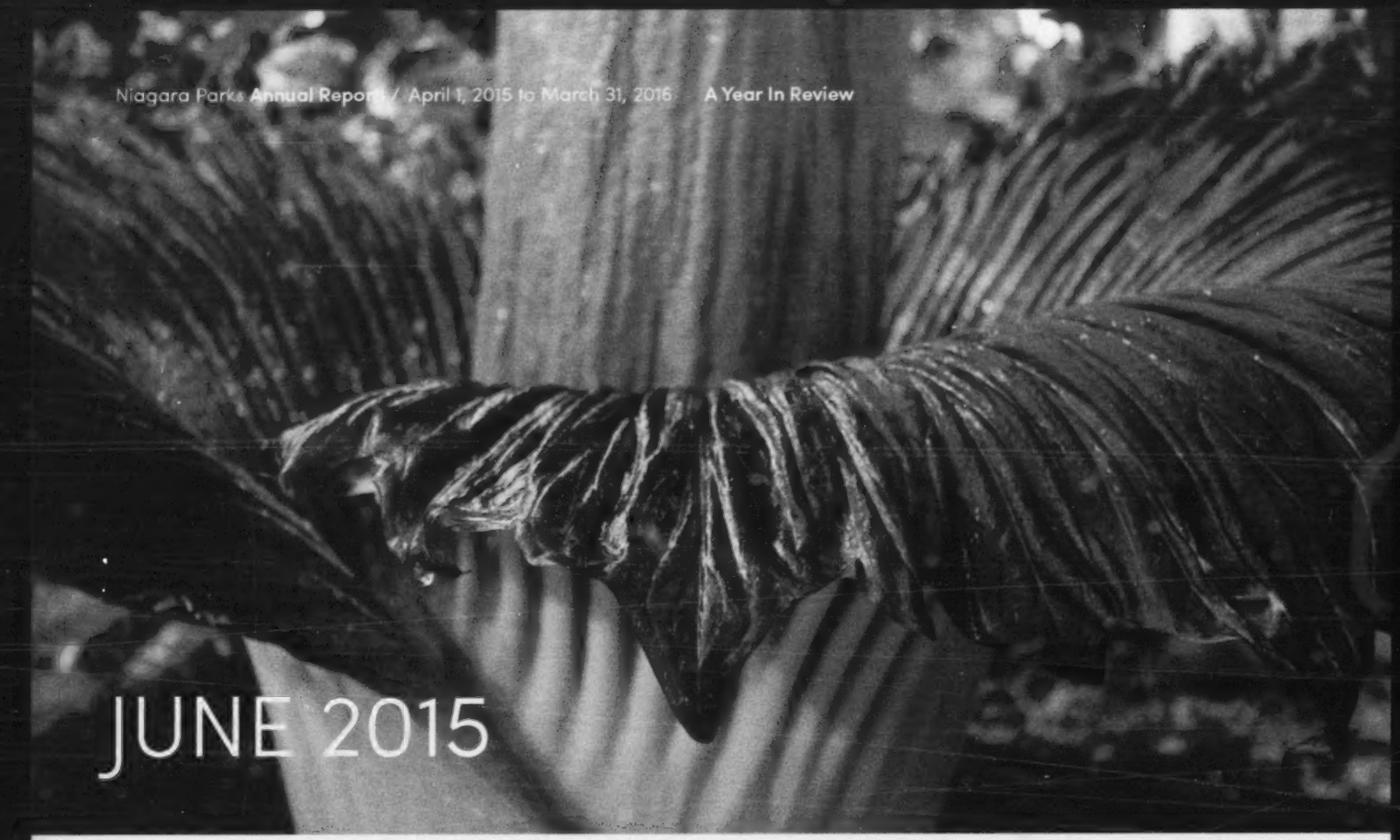
On Tuesday, May 26, Niagara Parks was pleased to work with its destination partners in welcoming the more than 1,500 delegates taking part in the Destination Canada Rendez-vous Canada trade show. NPC's Table Rock Centre, as well as Hornblower Niagara Cruises, served as the joint sites for the opening reception, allowing Niagara Parks to showcase not only the beauty of the Falls themselves, but all of the spectacular offerings and genuine hospitality Niagara and Ontario's Niagara Parks has to offer. This reception and entire conference was a great success and the results it generated would not have been possible were it not for the hard work and cooperation of all tourism partners in the destination.

NPC Hosts

June 20, 2015

Pan Am Games Torch Relay Comes to Queen Victoria Park

Niagara Parks was pleased to have been selected as a host site for the Pan Am Games community torch relay celebrations. The Toronto 2015 Pan Am Games Torch Relay started on May 30, in Toronto, Ontario, and visited more than 130 Ontario communities and five communities outside of Ontario over its 41-day journey, before making its final stop on July 10 at the Opening Ceremony of the 2015 Pan Am Games. On June 20, the torch relay celebrations reached Niagara Parks, with NPC employee, Michelle Cai, proudly taking part and carrying the torch on its journey through Queen Victoria Park.



JUNE 2015

NPC Blooms

June 2015

Titan Arum Blooms at Floral Showhouse

The Titan Arum, known as the world's largest flower, took bloom during the Father's Day weekend, becoming the fourth flower of its kind to open at the Floral Showhouse since 2012. The original Titan bulbs were donated to NPC by Louis M. Ricciardiello of Gilford, New Hampshire. The Titan is a massive bell-shaped flower that can grow up to three metres in height. Aside from the massive size, the Titan Arum is also known for its unique smell. After flowering, a single leaf emerges in place of the blossom, which is the size of a small tree, standing up to six metres tall and five metres wide.

NPC Recognizes

June 11, 2015

NPC Participates in Annual Schools in Bloom Recognition Ceremony

NPC Chair Janice Thomson was once again pleased to take part in the annual Niagara Falls Schools in Bloom Recognition Ceremony, held on June 11, honouring the students and staff from 14 participating elementary and secondary schools in Niagara for getting involved and taking up the challenge of improving the overall appearance of their schools. In collaboration with the City of Niagara Falls "Park in the City" Committee, The Niagara Parks School of Horticulture organized the Schools In Bloom Program. This program gives schools across the city the opportunity to participate in rewarding activities to landscape and beautify their schoolyard areas, while continuing to learn about horticulture and the environment.

NPC Honours

July 2015

Floral Clock Honours 100th Anniversary of Niagara Peninsula Energy

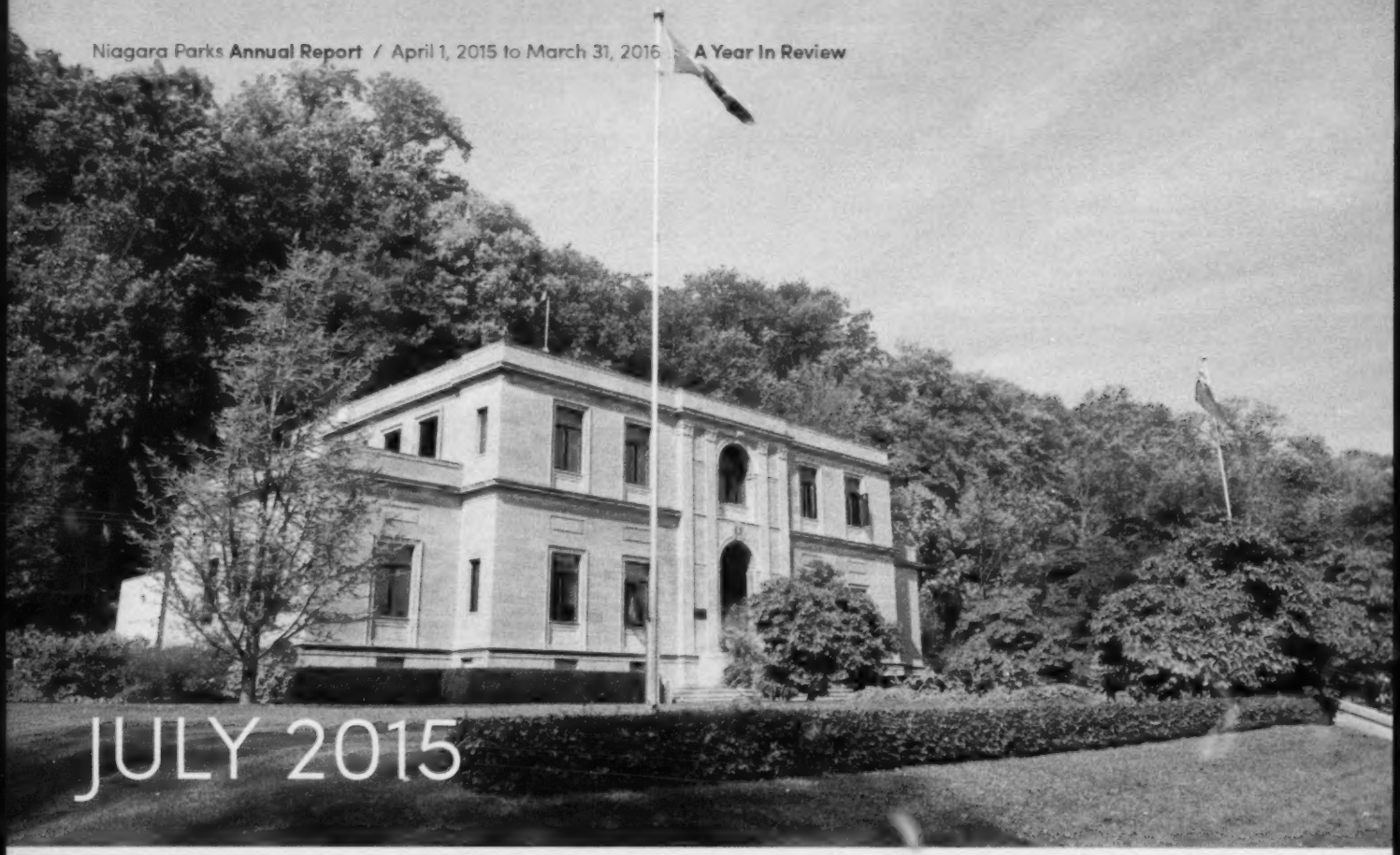
On July 7, Niagara Parks was pleased to play a role in commemorating the 100th anniversary of Niagara Peninsula Energy and the important contributions it has made to the growth and development of our community, through the design of the 2015 summer display Floral Clock emblem. The Floral Clock is a testament to the unique, long-standing partnership that has flourished over the years between The Niagara Parks Commission and Ontario Power Generation. Originally built by Ontario Hydro (now Ontario Power Generation) in 1950, The Niagara Parks Commission has been responsible for designing and planting the face of the Floral Clock, as well as maintaining its beautiful lawns and gardens, since 1977.

NPC Excels

July 2015

NPC Whirlpool Amateur Golf Tournament

In July, Niagara Parks was pleased to announce the return of the Whirlpool Amateur Golf Tournament, one of the oldest and most celebrated amateur golf tournaments in the Niagara region. The winner of the tournament, which was played on August 9, was Mike Claxton, a local resident of the region who plays on the Niagara Men's Tour. He shot a winning score of 71 (34 on the front nine holes; 37 on the back nine holes). The Whirlpool Amateur was first played in 1961 and was originally called the Niagara Parks Amateur. Over the years, the tournament has consistently attracted many of the top amateurs in Ontario, competing for the historic F.M. Cairns Trophy. Since the event began, no winner has ever shot better than 70, showing that Whirlpool has stood the test of time as a true challenge to the best in golf.



JULY 2015

NPC Renews

July 2015

Special Constable Appointments Renewed for Niagara Parks Police

Formed in 1887, the Niagara Parks Police is one of this province's oldest police services, and the Commission is extremely proud of the excellent work its officers provide to both the local and tourism communities in Niagara. In July, the Special Constable appointments for the sworn members of the Niagara Parks Police Service were renewed by the Regional Municipality of Niagara Police Services Board, and approved by the Ministry of Community Safety and Correctional Services (MCSCS). The current appointments are valid for a five year period, until 2020.

NPC Participates

August 3, 2015

Parapan Am Games Torch Relay Begins at Niagara Parks

On August 3, Niagara Parks Table Rock Centre and its Falls Incline Railway Plaza served as the starting point for the Niagara or western portion of the Parapan Am torch relay. The Toronto 2015 Parapan Am Games Torch Relay took place over five days, covering over 700 kilometres, and included 250 torchbearers. A first in the torch relay's history, two separate Parapan Am flames were lit on this day, in special ceremonies – one at Table Rock Centre in Niagara Falls, Ontario and the other in Ottawa, Ontario. The Parapan Am flames then travelled simultaneously towards Toronto and the Opening Ceremonies of the Parapan Am Games, which took place on August 7.

NPC Welcomes

August 15, 2015

United Nations Secretary General Visits Niagara Parks

On August 15, NPC Chair, Janice Thomson and Commissioner Kerry Pond were pleased to play host to a visit to Niagara by His Excellency Ban Ki-moon and his family. Following a walkabout tour of the brink area of the Falls, the Secretary-General was pleased to sign NPC's official guest book, penning these words: "The majestic Niagara Falls calls to mind one of my life's mottos, 'The highest virtue is like water.' The meaning of this maxim is that water is flexible, consistent and provides valuable sources to human being. While it looks weak, it also has most powerful force when it is absolutely necessary, as we see in the Falls. I sincerely hope that we rush like Niagara Falls to make this world better for all." After their visit to Table Rock, the Secretary-General and his family were taken on a tour of NPC's White Water Walk, Whirlpool Aero Car and Butterfly Conservatory attractions.

"The majestic Niagara Falls calls to mind one of my life's mottos, 'The highest virtue is like water.' The meaning of this maxim is that water is flexible, consistent and provides valuable sources to human being. While it looks weak, it also has most powerful force when it is absolutely necessary, as we see in the Falls. I sincerely hope that we rush like Niagara Falls to make this world better for all."

- United Nations Secretary General Ban Ki-moon, his message penned in NPC's official guestbook while visiting Niagara Parks, August 15, 2015.

NPC Savours

August 30, 2015

Sip, Sizzle & Savour – Queenston Heights Annual Harvest Barbecue

Set against the stunning backdrop of the lower Niagara River in the heart of wine country, NPC's Annual Harvest Barbeque is a culinary event not to be missed. Held on August 30, this celebration of the summer season took place at the foot of Brock's Monument and featured a gourmet barbeque menu, live entertainment and tastings from local wineries and brewers. NPC's world-renowned chefs once again created an irresistible menu featuring Niagara's seasonal harvest, which was showcased at six tasting stations. Popular tasting stations included samples provided by local vintners and brewers, including Château Des Charmes, Inniskillin, Jackson-Triggs, Reif Estate Winery, Mike Weir Winery and Niagara Oast House Brewers.

SEPTEMBER 2015

NPC Pays Tribute

Spetember 1, 2015

Ground Breaking for Native Memorial at Queenston Heights

On September 1, NPC was pleased to take part in the ground breaking ceremony for the Landscape of Nations War of 1812 Native Memorial, which is being constructed and placed on the historic grounds of Queenston Heights Park. Given the significant involvement of Niagara Parks in the preservation of several War of 1812 sites within the region, the Commission has been pleased to be involved in this project, which seeks to honour and formally recognize the contributions of The Six Nations and their native allies during the War of 1812. Pictured taking part in the ground breaking ceremony are (from left to right): Dr. Richard Merritt, Co-Chair Landscape of Nations Working Group; Gary Burroughs, Regional Councillor for the Town of Niagara-on-the-Lake; Tim Johnson, Co-Chair Landscape of Nations Working Group; Chief Ava Hill, Six Nations; Pat Darte, Lord Mayor of the Town of Niagara-on-the-Lake; Janice Thomson, NPC Chair; Ryan Donnelly, Constituency Assistant to MPP Wayne Gates.

SEPTEMBER 2015

NPC Educates

September 12, 2015

The Voyage of the Majestic Monarchs through Niagara Parks

On September 12, the Niagara Parks Butterfly Conservatory hosted a one-day educational exhibit for visitors to learn more about the lifecycle of the Monarch Butterfly and its incredible migratory journey. Exhibit topics and displays covered the fascinating life history, migration and habitat of the Monarch Butterfly. The program also included hourly Monarch tagging demonstrations, followed by the release of the Monarch butterflies into the Niagara Parks Botanical Gardens, so that they could begin their incredible migration south to Mexico.

NPC Recognizes

September 25, 2015

NPC Employee Awards Nominee Breakfast

As part of its annual Corporate Awards of Excellence Program, NPC held a nominee breakfast on September 25, to thank its employees for the tremendous jobs they have done, and continue to do, in helping make Niagara Parks the truly wonderful place it is to work and visit. The Niagara Parks Corporate Awards of Excellence Program was developed so that both management and staff could come forward to recognize the outstanding efforts and achievements that employees make to the organization. In 2015, 150 individuals were nominated for their efforts and for their specific contributions to a team, under the six specific award categories developed for recognition.

OCTOBER 2015

NPC Unveils

October 9, 2015

Trans Canada Trail Markers Unveiled Along Niagara River Recreation Trail

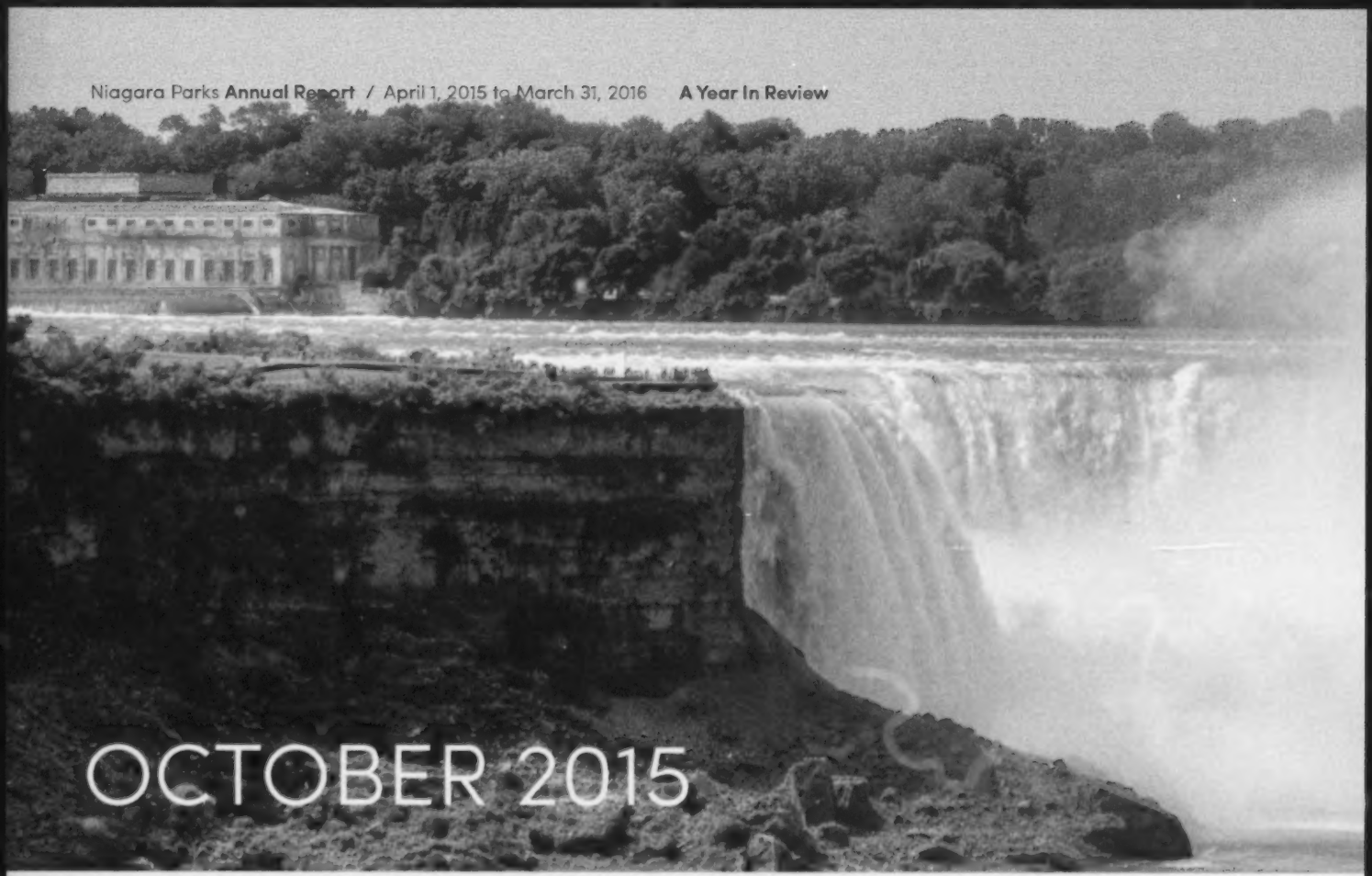
Marking the 16th anniversary of Niagara Parks' continued involvement in the Trans Canada Trail network, 14 new trail markers were unveiled along the Niagara River Recreation Trail by NPC Chair, Janice Thomson and Trans Canada Trail Foundation Co-Chair, Valerie Pringle on October 9. Initiated in 1992 as a project to celebrate Canada's 125th anniversary, the Trans Canada Trail is one of the world's longest networks of multi-use recreational trails. Since the inception of NPC's own 53-kilometre recreational trail system in 1986, Niagara Parks has been pleased to have become a key partner and signature route with other trail associations, such as the Greater Niagara Circle Route, The Waterfront Trail, the Greenbelt Route and the Trans Canada Trail, which Niagara Parks has been a part of since 1999.

NPC Entertains

October 2015

All Hallows' Eve Ghost Tours Return to Old Fort Erie

The staff at Old Fort Erie provided visitors with the opportunity to experience the traditions of Halloween, 1812-style, brought to life through the ghosts of Canada's bloodiest battlefield during this popular guided and spooky lantern tour of the Old Fort!



OCTOBER 2015

NPC Glows

October 28, 2015

New Lighting Displays Announced

For 33 years, the Winter Festival of Lights (WFOL) has been successful in drawing hundreds of thousands of visitors to Niagara to witness the spectacular light displays and events throughout the destination and within the majestic setting of Niagara Parks. On October 28, as part of the annual WFOL news conference, Niagara Parks announced plans to invest an additional $300,000 to expand its winter programming and illumination displays, as part of the popular annual festival. Highlights of NPC's plans included expanding holiday lighting throughout Queen Victoria Park and new lighting installations at the former Toronto Power Plant.

NPC Establishes

November 5, 2015

NPC Signs MOU with Chinese Tourism Body

On November 5, Niagara Parks Chair Janice Thomson and Tan Yegang, Director of Mount Taishan Scenic Spots, China, met to formalize a Memorandum of Understanding between both organizations aimed at the possible establishment of a sister park relationship between the two popular natural tourism attractions and destinations.

NPC Showcases

November 2015

10th Annual Niagara Parks Apprentice Cooks and Chefs Showcase

Queenston Heights Restaurant was once again the location for this delicious evening and celebration in support of the Niagara Parks Apprentice Cooks Scholarship and program. Set against the stunning backdrop of the lower Niagara River in the heart of wine country, this evening provided the 12 Niagara Parks Apprentice Cooks with an opportunity to demonstrate their passion alongside Niagara Parks Culinary experts, as they prepare a six-course, wine-paired dinner featuring local produce and Niagara VQA wines. The 2015 scholarship recipient was Lonnie Davis, of Elements on the Falls Restaurant.

DECEMBER 2015

NPC Promotes

December 2015

Hoot for the Holidays Educational Exhibit at NPC Butterfly Conservatory

During the holiday season, the Niagara Parks Butterfly Conservatory was the site for the "Hoot for the Holidays" educational exhibit, featuring a variety of owls and other birds of prey. Local conservationists, David and Kim Gibson led this unique exhibition, as they introduced these beautiful sky-hunters or birds of prey to the public and educated visitors on the habits, unique abilities and the importance of habitat conservation for these magnificent creatures.

DECEMBER 2015

NPC Celebrates

December 31, 2015

New Year's Eve at Queen Victoria Park

This highly anticipated free New Year's Eve concert featured musical performances by Canadian rock artists Down with Webster, as well as Alan Doyle, best known for his work as lead singer for Newfoundland's beloved band Great Big Sea. Also performing was Dennis DeYoung, a founding member of the famed rock group Styx. Canadian rock icon Tom Cochrane and Red Rider then concluded the show and ushered in the New Year, with great music and a dazzling fireworks display to ring in 2016.

JANUARY 2016

NPC Presents

January 2016

Friday Night Flicks at Old Fort Erie

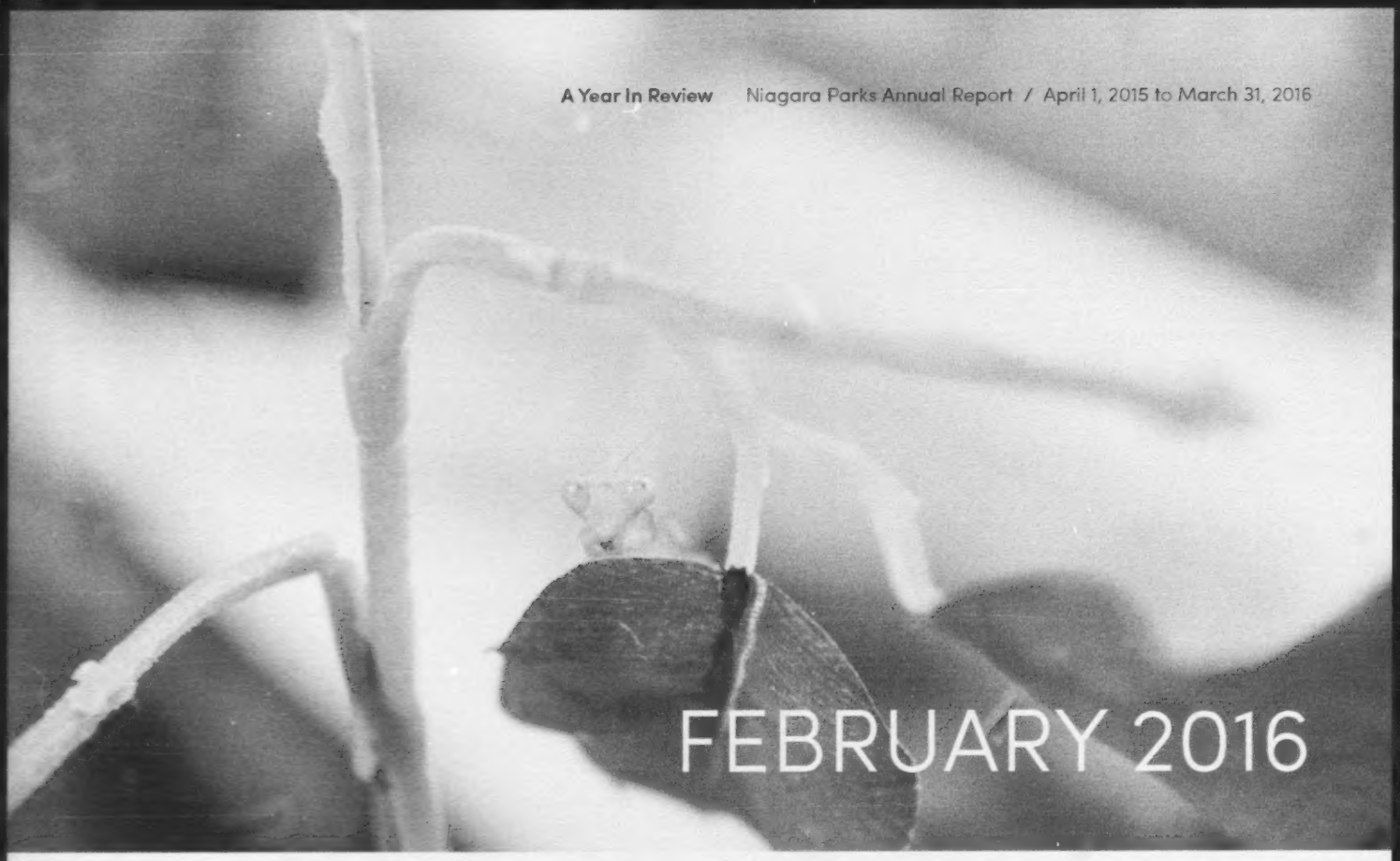
The NPC Heritage Department was pleased to once again present Friday Night Flicks, an entertaining and family friendly programming series at NPC's Old Fort Erie, featuring everything from award winning classics, charming family favourites and culturally important recent releases, shown within NPC's storied Old Fort Erie visitor centre theatre.

NPC Weddings

January 30, 2016

NPC Wedding Open House at Legends on the Niagara

Niagara Parks was pleased to showcase its wedding offerings, during its annual Wedding Open House on January 30, at Legends on the Niagara Golf Complex. From beautiful ceremony locations to award-winning reception venues and culinary offerings, Niagara Parks Weddings has it all. This popular open house event provides the opportunity for couples to connect directly with NPC's wedding team, including its certified wedding planners, NPC chefs, venue managers and floral designers.



FEBRUARY 2016

NPC Educates

February 2016

"We are the Insects" Exhibit at the Niagara Parks Butterfly Conservatory

Niagara Parks was pleased to present a new family friendly, educational exhibit "We are the Insects" at its Butterfly Conservatory, from February 6 until March 28. Seven different educational zones were established within the Conservatory, to detail the important role played by insects in our environment. Visitors to the Conservatory learned all about the advantages and interesting adaptations insects possess such as night vision, special hearing, enhanced smell, taste and touch, as well as defence mechanisms which allow them to not only survive, but thrive in their natural and increasingly settled habitats. The "We are The Insects" exhibit was developed by the Montréal Insectarium, one of the largest insect museums in North America.

FEBRUARY 2016

NPC Hires

February 20, 2016

NPC's 2nd Annual Job Fair at Niagara College

On February 20, The Niagara Parks Commission hosted its annual Job Fair at the Niagara Falls campus of Niagara College. Niagara Parks remains one of the region's largest employers, with over 1,600 full time and seasonal employees. The Job Fair allowed NPC to showcase the over 350 seasonal job opportunities that existed within the Commission in 2016, while providing individuals with an opportunity to connect directly with various departmental managers.

NPC Hosts

February 20, 2016

Mackenzie Printery Hosts Engineering Students

A group of Mechanical Engineering students from the Rochester Institute of Technology made a special visit to the Printery on February 20, in order to study, design and replicate the operations of a centuries-old wooden printing press, modeled after the historic Louis Roy wooden press, which is on display at the Mackenzie Printery. Known to be the oldest printing press in Canada, Upper Canada's first King's Printer, Louis Roy printed some of the first government documents ever produced in the province, including laws such as the Emancipation Act of 1793, on the wooden press, now protected and showcased by the Mackenzie Printery.

MARCH 2016

NPC Open House

March 1, 2016

Niagara Parks Hosts Public Open House

NPC hosted a Public Information Centre on March 1, to provide members of the community with an update on some of the current projects and activities taking place within the Park in 2016, such as the preparation and progress being made by WildPlay Niagara Falls on the new zipline and aerial adventure course attractions. NPC staff were also able to provide project updates on its Niagara Parks Marina re-development efforts, the Chippawa Grassland Bird Habitat Management Plan; and Niagara Parks proactive Emerald Ash Borer forestry management plan.

NPC Conserves

March 19, 2016

The Niagara Falls Illumination Board – "Switches off" Falls Illumination for Earth Hour

The Niagara Falls Illumination Board was pleased to once again participate in the World Wildlife Fund's (WWF) global Earth Hour initiative by switching off the evening illumination of Niagara Falls on March 19 from 8:30 to 9:30 p.m., to help raise awareness and support for action on the issue of climate change. WWF's 2016 campaign was entitled "Shine a Light on Climate Change", with a focus on renewable energy sources, such as the clean hydroelectric power produced in Niagara.

THE NIAGARA PARKS COMMISSION

Economic Performance

For the 12 months ended on March 31, 2016, NPC achieved a surplus in its earnings before interest and depreciation (EBID) of $14.378 million. This was a positive variance of $6.130 million to budget, and includes a $10.008 million improvement in revenues over budget forecasts made in NPC's 2015-2018 Business Plan.

The strong financial performance in the 2015/2016 fiscal year stems from several major events (Pan Am/Parapan Games, host of Rendez-vous Canada opening reception), the impact of increased positive media attentions as a result of events such as the 'polar vortex' or Frozen Falls and a significant growth in visitation. This growth in visitation and associated spend is also attributed to the low Canadian dollar, lower gas prices and the increase in U.S. economic growth, which had taken place during this time.

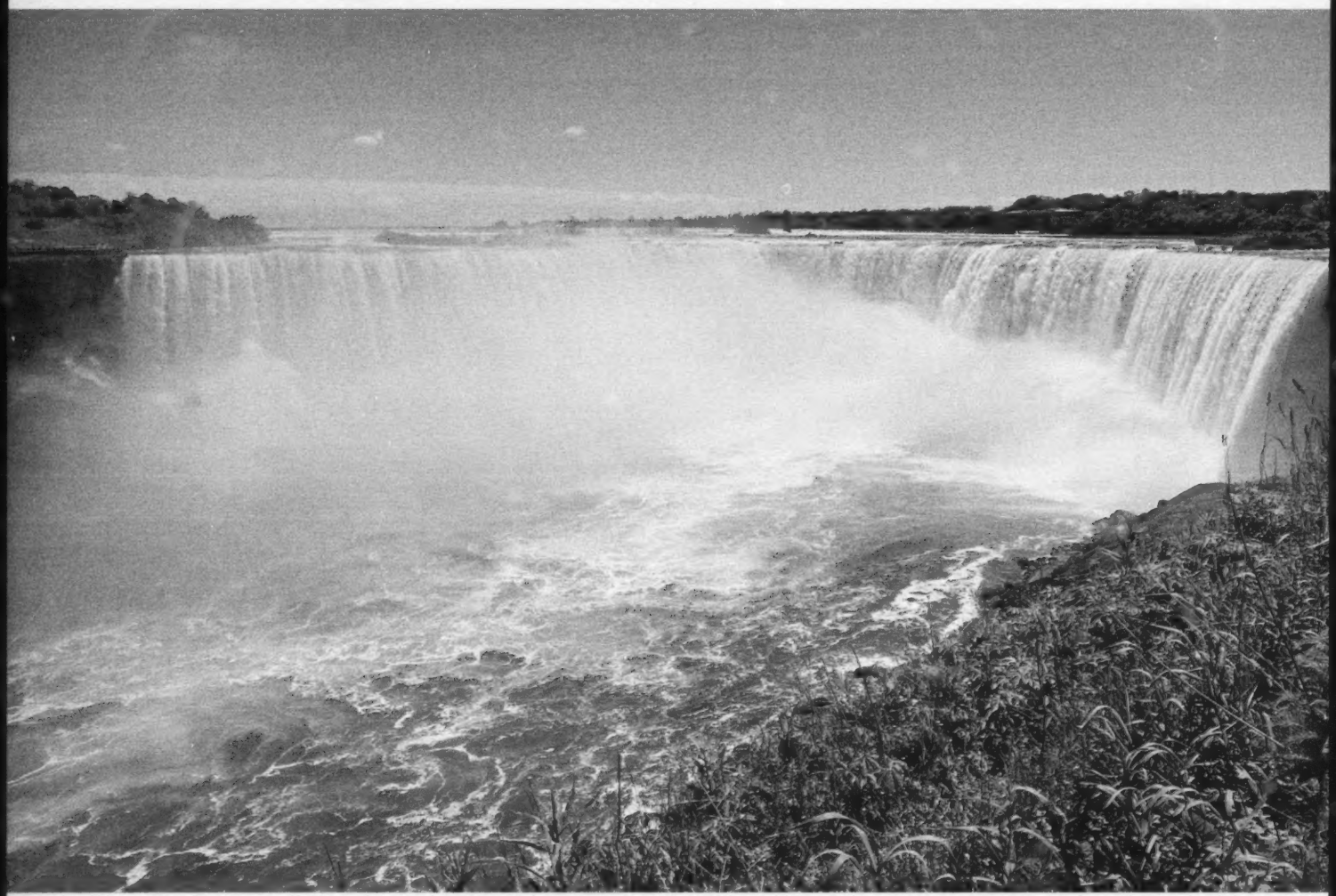
In addition, continued implementation of NPC's identified priorities within its Business Plan resulted in greater investment in new products and services, as well as marketing and brand development, which helped promote and encourage increased visitation to Niagara and Niagara Parks. As an example, increased investments in infrastructure renewal, by way of improvements to the Falls Incline Railway Plaza, Journey Behind the Falls, Oakes Garden Theatre and the White Water Walk attraction, did much to facilitate the overall visitor experience and offerings to guests visiting Niagara Parks. So too, did the continued work and interest in the completion of Niagara's two newest attractions, the new zipline and aerial adventure course at NPC's Grand View Marketplace and Thompson Point locations.

New product and services included NPC's continued work to obtain FeastON certification for three of its fine dining restaurants, promoting locally grown food, produce and VQA wines and craft beers. This shift has met with great success, and will be expanded to include NPC's two remaining full-service dining establishments. Niagara Parks staff have also worked hard to meet the growing online demands of its visitors, by enhancing its current Adventure Pass and value proposition offering to guests, which has led to increased online sales and greater length of stay visitation, to not only Niagara Parks, but the destination as a whole.

Statistics Canada data provided by the Ontario Ministry of Tourism, Culture and Sport confirm this, as American visitation to the province rebounded significantly during the 2015 calendar year, as U.S. border crossings into Ontario increased by 9.1 per cent. This visitation growth and its associated spend have been a significant factor in the economic improvements realized by NPC. In fact, 49 per cent of all respondents to NPC's customer survey, conducted in the spring and summer of 2015, identified themselves as being a resident of the United States. This represents a 12 per cent increase over survey results compiled during the 2014 tourism year.

As well, given the weakened state of the Canadian dollar, more and more Canadians decided to take their vacations at home, and Niagara Parks and the Niagara tourism industry were the beneficiaries of this trend. For the first time in several years, Statistics Canada data reported that Canadian visitors returning from the U.S. into Ontario actually dropped by 14.6 per cent in 2015, a significant decline and one to watch in terms of continued growth in domestic visitation and spend in the years to come. As a result, domestic visitation to NPC, primarily from visitors from the Greater Toronto Area (GTA), helped play an important role in the tourism recovery experienced during the 2015 tourism season. According to NPC's recent customer survey findings, homegrown visitation represents NPC's second largest market segment, with 30 per cent of all respondents identifying themselves as being from Canada, which is down 17 per cent from NPC's survey findings during the 2014 tourism year.

The growth of overseas visitation to Ontario continues to be a bright spot, as international visitation rose by 8.9 per cent in 2015 – a reflection of the strong growth being experienced in both traditional (U.K. +10 per cent, France +9.8 per cent, Netherlands +24.1 per cent and Japan +3.2 per cent) and new and emerging markets such as China



(+12.8 per cent), South Korea (+15.6 per cent), India (+11 per cent), Mexico (+25.3 per cent) and Brazil (+21 per cent). Of the 18 countries monitored for travel into Canada, only one reported a decline in visitation in 2015, that being visitation from Germany, which experienced only a -0.2 per cent drop in visits to Ontario this past year.

As a result of this growth in visitation, overall attendance at NPC's attraction venues in the 12 months ending March 31, 2016 was up by 4.9 per cent over the prior period of 17 months ending March 31, 2015. This strong growth helped propel an overall increase in gross revenues earned by the Commission for this business segment of $2.6 million (14.6 per cent), when measured against the prior period of 17 months, ending March 31, 2015. Gross revenues for attractions were also up $2.7 million (15.9 per cent) when compared to budget forecasts contained within the Business Plan for the fiscal year.

THE NIAGARA PARKS COMMISSION

Economic Performance

NPC's retail operations for the 12 months ending March 31, 2016, meanwhile experienced a $1.2 million (5.9 per cent) increase in gross revenues over the prior fiscal year ending March 31, 2015, or up $3.2 million or 17.3 per cent from budget, while gross revenues by NPC's culinary operations were also up $91,600 (0.5 per cent) for the same time frame and $1.5 million or 9.6 per cent compared to budget forecasts.

NPC's golf department experienced a $162,000 or 5 per cent increase in revenue in the 2016 fiscal year over the prior 17-month period ending March 31, 2015, while NPC's heritage sites collectively experienced a decrease of almost $15,000 or 3.42 per cent in gross revenue in the 2016 fiscal year, when compared the prior 17-month budget, ending March 31, 2015.

A key indicator of performance as measured by NPC in its Business Plan is margins attained from revenue producing operations. During the 2016 fiscal year, these margins exceeded budgeted forecasts, resulting in a $6.07 million net increase in margin (sales less direct costs).

This growth allowed NPC to undertake a more robust capital investment plan, exceeding budgeted forecasts made in the 2015-2018 Business Plan. During the 2016 fiscal year, the Commission had forecast capital reinvestments of $3.5 million taking place. Instead, the strong economic growth experienced this past year, combined with the provision of $1.45 million in provincial project funding, allowed NPC to invest $7 million in capital asset renewal; tackling several additional projects that had been identified as part of the Commission's 10-year capital asset management plan, which is contained in the 2015-2018 Business Plan.

NPC's peak operating season traditionally extends from May to October, and October 31 has been the traditional fiscal year end for NPC. During 2013, the Commission approved a change in its fiscal year end from October 31 to March 31, with the transitioning fiscal year to be November 1, 2013 to March 31, 2015 (17 months). The March 31-year end now coincides with the Province of Ontario's fiscal year end and provides efficiencies in financial reporting as well as business plan reporting and capital planning.

Highlights of the financial results for NPC for the completed 12 months ended March 31, 2016, as well as the financial results for the 17-month transition period ending March 31, 2015, are summarized in the table below.

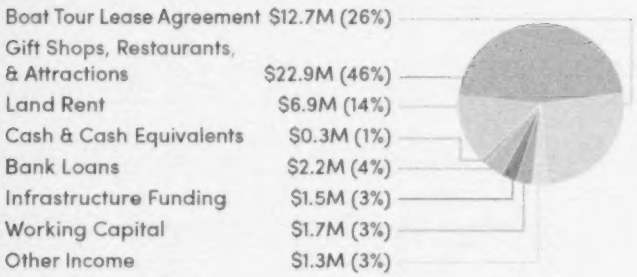
Apr. 1, 2015 - March 31, 2016 Actual Operating Results

(in thousands of dollars)	Apr. 2015 - Mar. 2016 12 months Actual	Apr. 2015 - Mar. 2016 12 months Budget	Apr. 2015 - Mar. 2016 12 months Variance	Nov. 2013 - Mar 2015 17 months Actual
Revenues	$97,222	$87,214	$10,008	**$95,235**
Operating Expenses	82,844	78,966	$3,878	**99,955**
Net Surplus (deficit) for the period before interest and depreciation (EBID)	14,378	8,248	6,130	**(4,720)**

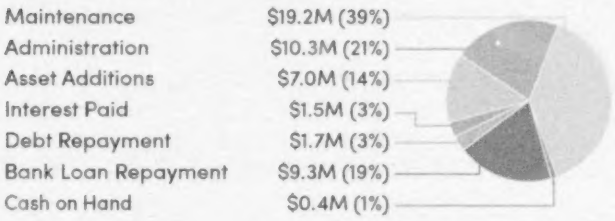
THE NIAGARA PARKS COMMISSION

Business Climate

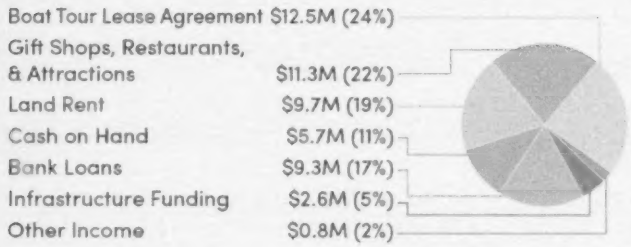
Where the Commission's Dollars Came From April 1, 2015 to March 31, 2016


Boat Tour Lease Agreement $12.7M (26%)
Gift Shops, Restaurants, & Attractions $22.9M (46%)
Land Rent $6.9M (14%)
Cash & Cash Equivalents $0.3M (1%)
Bank Loans $2.2M (4%)
Infrastructure Funding $1.5M (3%)
Working Capital $1.7M (3%)
Other Income $1.3M (3%)

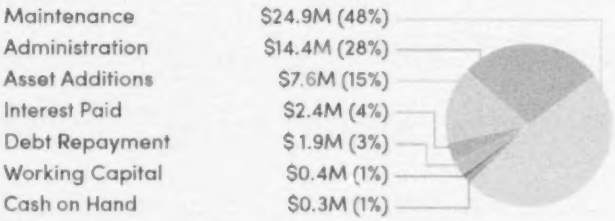
Where the Commission's Dollars Went April 1, 2015 to March 31, 2016


Maintenance $19.2M (39%)
Administration $10.3M (21%)
Asset Additions $7.0M (14%)
Interest Paid $1.5M (3%)
Debt Repayment $1.7M (3%)
Bank Loan Repayment $9.3M (19%)
Cash on Hand $0.4M (1%)

Where the Commission's Dollars Came From 2015 Covers 17-month Period


Boat Tour Lease Agreement $12.5M (24%)
Gift Shops, Restaurants, & Attractions $11.3M (22%)
Land Rent $9.7M (19%)
Cash on Hand $5.7M (11%)
Bank Loans $9.3M (17%)
Infrastructure Funding $2.6M (5%)
Other Income $0.8M (2%)

Where the Commission's Dollars Went 2015 Covers 17-month Period



Comparative Performance – Gift Shops, Restaurants, and Attractions ($`000)

	2016	% Of Sales	2015 Covers 17-month Period	% Of Sales
Income	$76,402	100	$71,971	100
Cost of Goods Sold	13,265	17	12,398	17
Gross Profit	$63,137	83	$59,573	83
Operating Expenditures	40,236	53	48,272	67
Net Income Before Administrative Overhead and Depreciation	$22,901	30	$11,301	16

THE NIAGARA PARKS COMMISSION

NPC Attendance

	April 1, 2015 to March 31, 2016	Nov 1, 2013 to Mar 31, 2015 (17-Month Period)	
Paid Attractions			
Journey Behind the Falls	837,697	805,131	
Butterfly Conservatory	292,137	309,977	
Whirlpool Aero Car	124,395	94,523	
White Water Walk	215,867	183,863	
Sir Adam Beck	--	137	Note 1
Niagara's Fury	332,032	326,364	
Floral Showhouse	40,246	36,190	
Total	**1,842,374**	**1,756,185**	
Golf			
Oak Hall Par 3 Golf Course	1,855	1,858	
Whirlpool Golf Course	24,962	19,482	Note 2
Legends on the Niagara	46,785	47,566	
Total	**73,602**	**68,906**	
Historic Sites			
Old Fort Erie	13,534	14,468	
Laura Secord Homestead	5,569	6,308	
MacKenzie Printery	3,110	3,482	
McFarland House	2,700	4,472	
Total	**24,913**	**28,730**	
Transportation			
WEGO Transportation Service	995,345	975,462	Note 3
Falls Incline Railway	971,941	751,460	
Total	**1,967,286**	**1,726,922**	
Total Attendance	**3,908,175**	**3,580,743**	

Note 1: Public tours no longer available at Ontario Power Generation Sir Adam Beck facility.

Note 2: Whirlpool Golf Course opening in 2015 fiscal year, delayed until June 2014, due to course maintenance.

Note 3: WEGO attendance represents Green Line ridership along the Niagara Parkway only.

*During the 2015 calendar year, boat tour operator, Hornblower Niagara Cruises, reported attendance of 1.8 million visitors.

THE NIAGARA PARKS COMMISSION

Commissioner Remuneration

Niagara Parks Commissioners are paid a per diem when working on Commission business and fulfilling their duties as a member of the Commission Board. This per diem is set by the province and is: $250 for the Chair, $175 for the Vice-Chair and $135 per member of the Board.

The table below lists the remuneration paid during the 2016 fiscal year (April 1, 2015 to March 31, 2016), as well as the out of pocket expenses reimbursed during this period to each Commissioner for those expenses incurred while fulfilling their duties as a member of The Niagara Parks Commission Board.

Commissioner	Remuneration	Expenses	Total
Janice Thomson, *Chair*	23,262.50	2,750.80	26,013.30
Joan Andrew, *Vice-Chair*	3,500.00	2,062.28	5,562.28
Pat Darte, *Commissioner*	405.00	43.00	448.00
James Detenbeck, *Commissioner*	337.50	56.80	394.30
Jim Diodati, *Commissioner*	1,215.00	78.40	1,293.40
Lois Anne Giles, *Commissioner*	2,767.50	467.20	3,234.70
Michael Goodale, *Commissioner*	2,565.00	1,193.21	3,758.21
Vincent Kerrio, *Commissioner*	0.00	0.00	0.00
Ian Nielsen-Jones, *Commissioner*	3,172.50	1,832.76	5,005.26
Kerry Pond, *Commissioner*	0.00	1,241.82	1,241.82
Wayne Redekop, *Commissioner*	0.00	0.00	0.00
Virginia West, *Commissioner*	2,227.50	2,302.16	4,529.66
Total	**39,452.50**	**12,028.43**	**51,480.93**

THE NIAGARA PARKS COMMISSION

Financial Statements
April 1, 2015 to March 31, 2016

THE NIAGARA PARKS COMMISSION

Management Report

March 31, 2016

The Management of The Niagara Parks Commission are responsible for the financial statements and all other information presented in these statements. The statements have been prepared by management in accordance with the framework identified in note 2 in the accompanying audited financial statements.

The financial statements include amounts based on best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the statements are presented fairly, in all material respects.

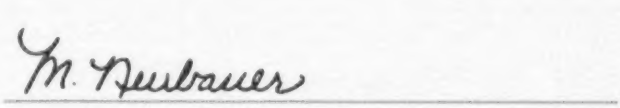
Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance that the financial information is relevant, reliable, accurate and that the Commission's assets are properly accounted for and adequately safeguarded.

The Board of The Niagara Parks Commission is responsible for gaining assurance that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board, through the Audit and Finance Committee, meets periodically with Management to discuss financial results, auditing matters, financial reporting issues and to satisfy itself that each group is properly discharging responsibilities. The Committee reviews the financial statements before recommending approval by the Board.

The Financial statements have been audited by Grant Thornton LLP, the Commission's appointed External Auditor and in accordance with Canadian generally accepted auditing standards on behalf of the Commission, Minister of Tourism, Culture and Sport and the Provincial Auditor General. Grant Thornton LLP had direct and full access to all Commission records as well as full access to the Audit and Finance Committee with and without the presence of management to discuss their audit and findings as to the integrity of the Commissions financial reporting.

John Lohuis, General Manager
Niagara Parks Commission
June 27, 2016



Margaret Neubauer, Senior Director, Corporate Services
Niagara Parks Commission
June 27, 2016

THE NIAGARA PARKS COMMISSION

Independent Auditor's Report

To The Niagara Parks Commission, The Minister of Tourism, Culture and Sport and the Auditor General

We have audited the accompanying financial statements of The Niagara Parks Commission, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the seventeen months then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of The Niagara Parks Commission for the year ended March 31, 2016 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

Emphasis of matters

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Port Colborne, Canada
June 17, 2016

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

THE NIAGARA PARKS COMMISSION

Statement of Financial Position

As at March 31, 2016

(in thousands of dollars)	2016	2015
Financial Assets		
Cash and cash equivalents	$ 395	$ 322
Accounts receivable	1,738	1,436
Inventories – saleable	3,892	3,889
	6,025	5,647
Liabilities		
Bank indebtedness (Note 3)	2,180	9,305
Accounts payable	9,041	6,977
Accrued payroll	2,706	2,589
Deferred revenue (Note 4)	1,316	1,418
Deferred capital funding (Note 5)	26,390	26,438
Long term financing (Note 6)	28,371	30,072
Post-employment benefits (Note 7)	3,558	3,697
Power plant stabilization obligation (Note 8)	29,076	28,837
	102,638	109,333
Net debt	(96,613)	(103,686)
Non-financial assets		
Tangible capital assets (Note 10 and Page 23)	155,332	156,675
Inventories – other	1,199	1,476
Prepaid expenses	1,230	873
	157,761	159,024
Accumulated surplus (Note 11)	$ 61,148	$ 55,338

See accompanying notes to the financial statements.

Commitments and contingencies (Notes 12 and 13)

On behalf of the Commission

Janice Thomson, Chair

Ian Nielsen-Jones, Commissioner

THE NIAGARA PARKS COMMISSION

Statement of Operations

For the year ended March 31, 2016

(in thousands of dollars)	Budget 2016	Actual 2016	Actual 17 months ended March 31, 2015
Revenues			
Revenue producing operations	$ 66,911	**$ 76,402**	$ 71,971
Land rent	6,899	**6,882**	9,660
Commission, rentals and fees	12,899	**12,858**	12,780
Premium on United States funds – net	500	**1,073**	806
Sundry revenue	5	**7**	18
	87,214	**97,222**	95,235
Expenses (Page 24)			
Revenue producing operations			
Cost of goods sold	11,207	**13,265**	12,398
Operating	35,590	**36,953**	44,310
Maintenance	15,281	**15,759**	20,404
Administrative and police	13,292	**13,584**	18,881
Marketing and promotion	3,596	**3,283**	3,962
	78,966	**82,844**	99,955
Net surplus (deficit) for the period before other items	8,248	**14,378**	(4,720)
Other items			
Interest expense – net (Note 14)	1,626	**1,502**	2,352
Amortization of tangible capital assets (Note 15)	8,728	**8,359**	11,577
Amortization of deferred capital funding (Note 5)	(1,365)	**(1,498)**	(1,963)
Gain on disposal of tangible capital assets	-	**(34)**	(24)
	8,989	**8,329**	11,942
Net surplus (deficit) from operations	(741)	**(6,049)**	(16,662)
Net increase in power plant stabilization obligation (Note 8)	(705)	**(239)**	(750)
Other capital costs	-	**-**	(78)
Annual surplus (deficit)	$ (1,446)	**$ 5,810**	$ (17,490)

See accompanying notes to the financial statements.

THE NIAGARA PARKS COMMISSION

Statement of Accumulated Surplus

For the year ended March 31, 2016

(in thousands of dollars)	Budget 2016	Actual 2016	Actual 17 months ended March 31, 2015
Accumulated Surplus (Note 11)			
Beginning of period	$ 55,338	**$ 55,338**	$ 72,828
Annual surplus (deficit)	(1,446)	**5,810**	(17,490)
End of period	$ 53,892	**$ 61,148**	$ 55,338

THE NIAGARA PARKS COMMISSION

Statement of Changes in Net Debt

For the year ended March 31, 2016

	Budget 2016	Actual 2016	Actual 17 months ended March 31, 2015
(in thousands of dollars)			
Annual surplus (deficit)	$ (1,446)	**$ 5,810**	$ (17,490)
Amortization of tangible capital assets	8,728	**8,359**	11,577
Purchase of tangible capital assets (Note 16)	(6,195)	**(7,016)**	(7,569)
Contributed tangible capital assets	-	-	(2,197)
Proceeds from the sale of tangible capital assets	-	**34**	24
Gain on sale of tangible capital assets – net	-	**(34)**	(24)
	(1,087)	**7,153**	(15,679)
Acquisition of prepaid expenses	-	**(357)**	(690)
Use (acquisition) of other inventories	-	**277**	(164)
Decrease (increase) in net debt	1,087	**7,073**	(16,533)
Net Debt			
Beginning of period	(103,686)	**(103,686)**	(87,153)
End of period	$ (102,599)	**$ (96,613)**	$ (103,686)

See accompanying notes to the financial statements.

THE NIAGARA PARKS COMMISSION

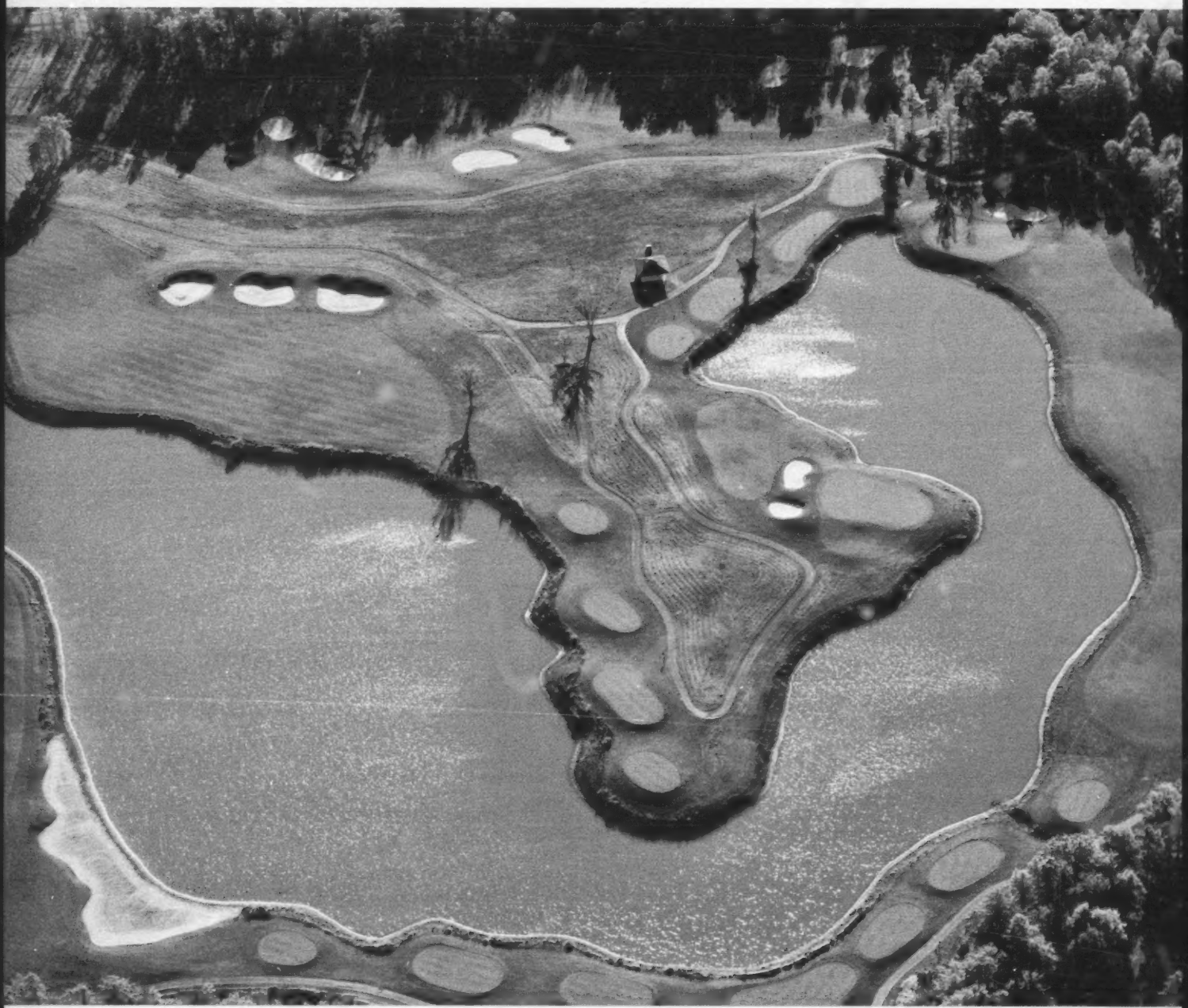
Statement of Cash Flows

For the year ended March 31, 2016

(in thousands of dollars)	**2016**	17 months ended March 31, 2015
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus (deficit)	**$ 5,810**	$ (17,490)
Charges against income not requiring an outlay of funds		
Amortization of tangible capital assets	**8,359**	11,577
Amortization of deferred capital funding	**(1,498)**	(1,963)
Gain on disposal of tangible capital assets – net	**(34)**	(24)
Increase in post-employment benefits	**183**	62
Increase in power plant stabilization obligation – net	**239**	750
	13,059	(7,088)
Net change in non-cash working capital balances related to operations (Note 17)	**1,694**	(404)
	14,753	(7,492)
Capital activities		
Purchase of tangible capital assets (Note 16)	**(7,016)**	(7,569)
Contributed tangible capital assets	**-**	(2,197)
Proceeds from sale of tangible capital assets	**34**	24
	(6,982)	(9,742)
Financing activities		
Repayment of long term financing	**(1,701)**	(1,899)
Payment of post-employment benefits	**(322)**	(470)
Receipt of capital funding	**1,450**	4,966
	(573)	2,597
Net increase (decrease) in cash and cash equivalents	**7,198**	(14,637)
Cash and cash equivalents (Note 17)		
Beginnings of period	**(8,983)**	5,654
End of period	**$ (1,785)**	$ (8,983)

THE NIAGARA PARKS COMMISSION

Notes to the Financial Statements



THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

1. Nature of operations

The Niagara Parks Commission (the "Commission") is governed by the Niagara Parks Act. Initially established in 1885, the Commission is an "Operational Enterprise" of the Province of Ontario and is responsible for maintaining, protecting and showcasing over 1,300 hectares of parkland stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario. The Commission is exempt from corporate income taxes under the Income Tax Act (Canada) and Ontario Corporation Tax Act.

The Commission is also classified as an Other Government Organization by the Ministry of Finance and as such, the Commission's audited financial statements are published as part of the Public Accounts.

The Commission changed its fiscal year end to March 31 effective in 2015. Therefore, current period figures report amounts for the year ended March 31, 2016 and comparative figures report the amounts for the seventeen months ended March 31, 2015.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the financial reporting provisions of the Ontario Financial Administration Act, Ontario Ministry of Tourism Memorandum of Understanding and the accounting requirements of Regulation 395/11 of the Ontario Financial Administration Act. The Ontario Ministry of Tourism Memorandum of Understanding requires that the financial statements be prepared in accordance with the Canadian public sector accounting standards. The Ontario Financial Administration Act provides that changes may be required to the application of these standards as a result of regulation.

Regulation 395/11 to the Ontario Financial Administration Act requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the Statement of Operations at a rate equal to amortization charged on the related depreciable tangible capital assets. These contributions include government transfers and externally restricted contributions.

The accounting requirement under Regulation 395/11 is not consistent with the requirements of Canadian public sector accounting standards which requires that:

- government transfers be recognized as revenue when approved by the transferor and the eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result revenue recognized in the Statement of Operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (continued)

Basis of accounting (continued)

The significant accounting principles used in the preparation of these financial statements are summarized below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with maturities of less than three months.

Inventories

Saleable and other inventories are valued at the lower of average cost and net realizable value.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at estimated fair value upon acquisition.

The Commission capitalizes an amount of interest as part of the costs of its capital works in progress and financed via long term financing.

Works of art for display in the Commission property are not included as capital assets. Works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. No valuation of the collection has been disclosed in the financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations. Amortization is charged on a monthly basis. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Classification	Useful Life
Land improvements, buildings, roadways and structures	7 to 40 years
Equipment and furnishings	3 to 10 years
Vehicles	10 to 12 years

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (continued)

Deferred revenue

Revenue that is restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

Deferred capital funding

Government transfers for capital purposes and contributed tangible capital assets are recorded as a liability, referred to as deferred capital funding, and are recognized into revenue at the same rate as the related tangible capital assets are amortized, in accordance with Regulation 395/11 to the Ontario Financial Administration Act, as disclosed above.

Post-employment benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements.

Liabilities for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Commission:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

Revenue recognition

Revenue from gift shops, restaurants and attractions are recognized when merchandise has been transferred to the customer or services have been rendered. Revenue from land rent, commissions, rentals, fees and sundry are recognized over the life of the agreement or when earned.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (continued)

Foreign currency translation

These financial statements are presented in Canadian dollars. Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the Statement of Financial Position date. Gains and losses on translation are reflected in the annual surplus/deficit.

Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Two areas in which estimates are used are with regards to post-employment benefits and the power plant stabilization obligation.

Change in accounting policy

In June, 2010, the Public Sector Accounting Board (PSAB) issued the Liability for Contaminated Sites standard PS 3260 effective for fiscal years beginning on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

In the past, the Commission would have only reported environmental liabilities based on its obligations resulting from federal legislation. The new PSAB standard requires that provincial legislation or regulation also be considered when reporting environmental liabilities even if no order for remediation has been issued but the contamination is in excess of the standard. Environmental cleanup is often linked to past industrial activities.

No liabilities have been reported under the new PSAB accounting standard as not such sites were identified.

3. Credit facilities

The credit facilities, which have a maximum borrowing capacity of $ 15,000,000, provide for two types of loans. There is a variable rate option which varies with the Canadian Imperial Bank of Commerce prime rate and there is a fixed rate operating loan facility available with a maximum term not to exceed 364 days at rates which are set relative to banker's acceptance rates. These credit facilities are unsecured and expire on March 31, 2016. As at March 31, 2015 $ 8,654,257 has been drawn upon for all credit facilities (2013 – $ Nil). Taking into account outstanding cheques and deposits, the balance reported on the Statement of Financial Position is $ 9,305,011 (2013 - $ Nil).

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

4. Deferred revenue

	2016	2015
		(in thousands of dollars)
Defunct power stations (Note 8)	$ 135	$ 116
Sale proceeds related to Fort Erie land transaction	321	322
Other	860	980
	$ 1,316	$ 1,418

Fort Erie land transaction obligation

In fiscal 2009, the Commission and the Peace Bridge Authority ("PBA") entered into an agreement to transfer parcels of land. The PBA acquired a 5.952 acre parcel located in Fort Erie from the Commission for $ 2,021,206. The Commission acquired an option for $ 670,000 plus an annual sum of $ 7,300 adjusted for inflation, to receive 1.973 acres of river front property located at the end of Jarvis Street in Fort Erie from the PBA. The agreement calls for the net proceeds to the Commission in the amount of $ 1,351,206 to be spent on a) funding improvements at Old Fort Erie which are intended for the 200th year anniversary of the War of 1812 and b) returning and/or maintaining the Jarvis Street property as parkland.

The net proceeds were recorded as part of deferred revenue on the Statement of Financial Position. To date approximately $ 989,000 from these proceeds have been spent on the capital works project for the renovation of Old Fort Erie and approximately $ 47,000 has been spent on the Jarvis Street property maintenance. As of March 31, 2016, approximately $ 321,500 remains for use in 2017 and beyond.

5. Deferred capital funding

	2015	17 months ended March 31, 2015
		(in thousands of dollars)
Beginning of period	$ 26,438	$ 23,435
Received during period for capital projects	1,450	2,769
Contributed assets	-	2,197
	1,450	4,966
Amortization	(1,498)	(1,963)
End of period	$ 26,390	$ 23,435

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

6. Long term financing

	2016	2015
		(in thousands of dollars)
Unsecured fixed rate term loan requiring blended payments of principal and interest of $ 2,640,907 per annum, bearing interest at 5.06% through to April, 2027	**$ 23,400**	$ 24,787
Unsecured fixed rate term loan requiring blended first annual payment of $ 543,418 and then payments of $ 569,965 per annum thereafter, bearing interest at 5.07% through to April, 2027	**4,876**	5,183
The Commission has an option to purchase land requiring annual payments of $ 7,300 until January, 2028 (note 4)	**95**	102
	$ 28,371	$ 30,072

The principal payments of the long term financial obligations due in the next five fiscal periods are as follows:

2017	$ 1,772
2018	1,861
2019	1,955
2020	2,054
2021	2,158

7. Post-employment benefits

Defined termination benefits

The Commission provides a defined employee future benefit, payable on termination to certain full time employees with a minimum of five years of service. The benefit is calculated on the basis of one week's remuneration, at the time of termination, for every year of full time service provided to the Commission to a maximum of twenty-six weeks. The accrued benefit liability as at March 31, 2016 is $ 3,557,888 (2015 - $ 3,696,673).

The Commission requires that an actuarial valuation of the post-employment benefits be conducted every three years. The last valuation was completed for the twelve months ended March 31, 2016 with extrapolations through to 2019. The latest valuation reflects approved changes by the Commission regarding eligibility and maximum amounts of the benefit payable upon termination.

As a result of an actuarial valuation conducted in 2016 for the twelve months ended March 31, 2016, it was determined that an actuarial loss of $ 116,919 existed. The actual obligation as at March 31, 2016 is $ 2,674,097 (2015 - $ 2,591,542).

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

7. Post-employment benefits (continued)

Defined benefit plan information

	2016	17 months ended March 31, 2015
		(in thousands of dollars)
Employee benefit plan assets	$ **Nil**	$ Nil
Employee benefit plan liabilities	**3,558**	3,697
Employee benefit plan deficit	$ **3,558**	$ 3,697
Benefit obligation recognized on the Statement of Financial Position		
Benefit obligation, beginning of period	$ **3,697**	$ 4,105
Decrease due to plan amendment	**-**	(246)
Expense for the period	**183**	308
Benefits paid during the period	**(322)**	(470)
Benefits obligation, end of period	$ **3,558**	$ 3,697
The net benefit expenses is as follows:		
Current service cost	$ **170**	$ 275
Interest cost	**117**	181
Amortization of actuarial gain	**(104)**	(148)
	$ **183**	$ 308

The main actuarial assumptions applied in the valuation of the defined benefit plan are as follows:

- Interest (discount) rate – the accrued obligation and the expense for the period were determined using a discount rate of 4.75%.
- Salary levels – future salary and wage levels were assumed to increase at 2% per annum.

These assumptions were reviewed in this current period.

Pension benefits

The Commission provides pension benefits for all its permanent employees (and to non- permanent employees who elect to participate) through the Public Service Pension Fund ("PSPF") and the Ontario Public Service Employees' Union Pension Fund ("OPSEU Pension Fund"). These are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines the Commission's annual payments to the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

7. Post-employment benefits (continued)

actuarial funding valuations are not assets or obligations of the Commission. The Commission's annual payments of $ 3,016,420 (2013 - $ 2,160,074), of which $ 1,508,210 (2013 - $ 1,080,037) represents the employees' portion, are included in the administrative and police expense on the Statement of Operations.

The cost of post-employment, non-pension benefits are paid by the Province and therefore are not included in the Statement of Operations.

8. Power plant stabilization obligation

The Province of Ontario directed the Commission to accept ownership of three former electricity generating power stations all located within Commission lands.

The Toronto Power Generating Station ("TPGS") and the Ontario Power Generating Station ("OPGS") were transferred by Ontario Power Generation Inc. ("OPG") to the Commission at no cost in August, 2007. As part of the terms of transfer of TPGS and OPGS, OPG was to undertake certain structural and environmental work to ensure that the buildings were no threat to the public. The Canadian Niagara Power Generating Station ("CNPGS") previously owned by Fortis Ontario was transferred April 30, 2009.

The Ministry of Tourism engaged the services of an architectural firm (The Ventin Group Inc.) to ensure that the original Government Directive governing the initial transfer was complied with and to identify work and related costs required to "stabilize and mothball" all the facilities until an ultimate use for the buildings can be determined. The Ventin Group identified the remaining lead paint at the TPGS and OPGS as a deficiency which OPG should have resealed or encapsulated after cleaning. The Ventin Group reported that there are substantial costs required to bring the three power stations to what would be considered a "mothball" state. Therefore, additional costs would be required to bring these buildings to a "development ready" state. Further, there are in existence certain secondary structures related to TPGS and OPGS that were not accounted for in the original Government Directive that will result in additional remediation costs at some point in the future.

The Commission is of the belief that the acceptance of these power generating stations will require a significant infusion of funds that is beyond its capacity to meet. As at March 31, 2016, ongoing negotiations with the Province have not resulted in any assurance that the Commission will not be responsible for any future costs. Any costs that are expected to be incurred for the purposes described above will not commence without funding received from the Province.

An asset retirement obligation of $ 25,146,000 as of October 31, 2009 was calculated. This value represented the Commission's best estimate of the costs required to "stabilize and mothball" the three power stations based on an engineer report. The report also identified contingency costs of approximately $ 3,600,000 which was not accrued in the asset retirement obligation at that time. The Commission estimates that this work could take approximately three to four years to complete. In order to determine the net present value of the asset retirement obligation, staff have estimated that, subject to financing being received from the Province, work will not commence for several years. The original estimate assumed that the work would likely commence between 2016 and 2019. The cost of capital and the rate of

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

8. Power plant stabilization obligation (continued)

inflation estimated over the course of the calculation was 5.059% and 2%, respectively. This results in a net present value of $ 24,212,539 as at March 31, 2016 (2015 - $ 23,724,061). This is an increase of $ 488,478 from 2015 and has been recorded in the Statement of Operations. Two additional studies were completed during the year ended October 31, 2010 which identified an additional liability involved with the "stabilization and mothball" process. The first report identified an additional $ 6,305,000 for external/infrastructure work that is required. The second study identified an additional $ 1,260,000 related to additional costs to stabilize the roofs of the buildings. Together these two reports equal an increase of $ 7,565,000. As previously mentioned it is estimated this work will not commence until between 2016 and 2019 and correspondingly another calculation for the net present value of this additional liability was performed using a cost of capital of 5.059% and inflation rate of 2%, respectively. This results in net present value of $ 7,251,930 as at March 31, 2016 (2015 - $ 7,036,679) for this portion of the liability. This is an increase of $ 215,251 from 2015 and has also been recorded in the Statement of Operations.

	2016	17 months ended March 31, 2015
		(in thousands of dollars)
Power plant stabilization obligation		
Beginning of period	**$ 28,837**	$ 28,087
Current period increase in present value of original obligation	**704**	971
Actual work performed during period	**(465)**	(221)
Net increase in power plant stabilization obligation	**239**	750
End of period	**$ 29,076**	$ 28,837

A capital asset has not been recorded for these properties as there is an impairment in their value, which has been documented in the various studies carried out to date.

As at October 31, 2009, the Commission had received $ 1,550,000 in funding from the Ministry of Tourism to assist in the "stabilizing and mothball" process. Approximately $ 135,000 of this funding remains for use in 2017 and beyond. The actual work performed in 2016 was funded from other grants received from the Province.

The Commission has incurred annual costs related to maintenance and security for all sites and has recorded them in the Statement of Operations and are included in the maintenance expense.

Since March 31, 2015, the Commission engaged the services of The Ventin Group Inc. to review existing studies in order to update the requirements necessary to bring the power plants to a development ready state. This process is expected to be completed by December, 2016 and the Power Plant Stabilization Obligation will be updated as necessary.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

9. Liabilities for contaminated sites

The Commission reports environmental liabilities related to the management and remediation of any contaminated sites where the Commission is obligated or likely obligated to incur such costs. Currently no such contaminated sites have been identified and therefore no liability has been recorded.

The Commission's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Commission's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

10. Tangible capital assets

	2016			2015
				(in thousands of dollars)
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 14,359	$ -	**$ 14,359**	$ 14,359
Land improvements	17,135	-	**17,135**	17,135
Building, roadways and structures	233,117	114,776	**118,341**	119,305
Equipment and furnishings	42,496	38,199	**4,297**	4,369
Vehicles	4,086	3,111	**975**	787
	311,193	156,086	**155,107**	155,955
Capital works in progress	225	-	**225**	720
	$ 311,418	$ 156,086	**$ 155,332**	$ 156,675
Equipment under capital lease included above	$ 69	$ 56	**$ 13**	$ 20

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

11. Accumulated surplus

	2016	2015
		(in thousands of dollars)
Operating deficit	**$ (6,789)**	$ (12,293)
Investment in tangible capital assets	**128,942**	130,237
Unfunded		
Long term debt	**(28,371)**	(30,072)
Post-employment benefits	**(3,558)**	(3,697)
Power plant stabilization	**(29,076)**	(28,837)
	(61,005)	(62,606)
Accumulated surplus	**$ 61,148**	$ 55,338

Surplus funds

Pursuant to Section 16(2) of the Niagara Parks Act, any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Minister of Finance and shall form part of the consolidated revenue fund. As of March 31, 2016 no surplus moneys have been recorded as a liability to the Minister of Finance.

12. Commitments

The Commission has committed to approximately $ 1,536,800 in capital works projects in the next year.

The Commission has two agreements with a franchisor requiring the payment of service fees of 4% of gross sales and advertising and marketing fees of 2.5% of gross sales. The terms of the agreements are ten years, expiring in 2017 and 2022.

The Commission leases vehicles, equipment and premises under operating leases expiring in 2017 and 2018. The total obligation under operating leases amounts to approximately $ 40,285 in 2017 and $ 8,603 in 2018.

13. Contingencies

The Commission is in litigation pertaining to certain claims for which the likelihood of loss is not determinable and the amount not reasonably estimable. Accordingly, no provision for these claims is reflected in the financial statements.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

14. Interest expense - net

	Budget 2016	Actual 2016	Actual 17 months ended March 31, 2015
			(in thousands of dollars)
Interest revenue	$ (20)	**$ (48)**	$ (29)
Loan interest expense	1,646	**1,550**	2,381
	$ 1,626	**$ 1,502**	$ 2,352

15. Amortization of tangible capital assets

	Budget 2016	Actual 2016	Actual 17 months ended March 31, 2015
			(in thousands of dollars)
Amortization of income producing assets	$ 4,696	**$ 4,428**	$ 6,342
Amortization of non-income producing assets	4,032	**3,931**	5,235
	$ 8,728	**$ 8,359**	$ 11,577

16. Acquisition of tangible capital assets

During the period, tangible capital assets were acquired at an aggregate cost of $ 9,766,221 (2013 - $ 16,560,754) of which $ 2,197,416 (2013 - $ 849,220) was acquired by means of contributed assets. Cash payments of $ 7,568,805 (2013 - $ 15,711,534) were made to purchase tangible capital assets.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2016

17. Statement of cash flows

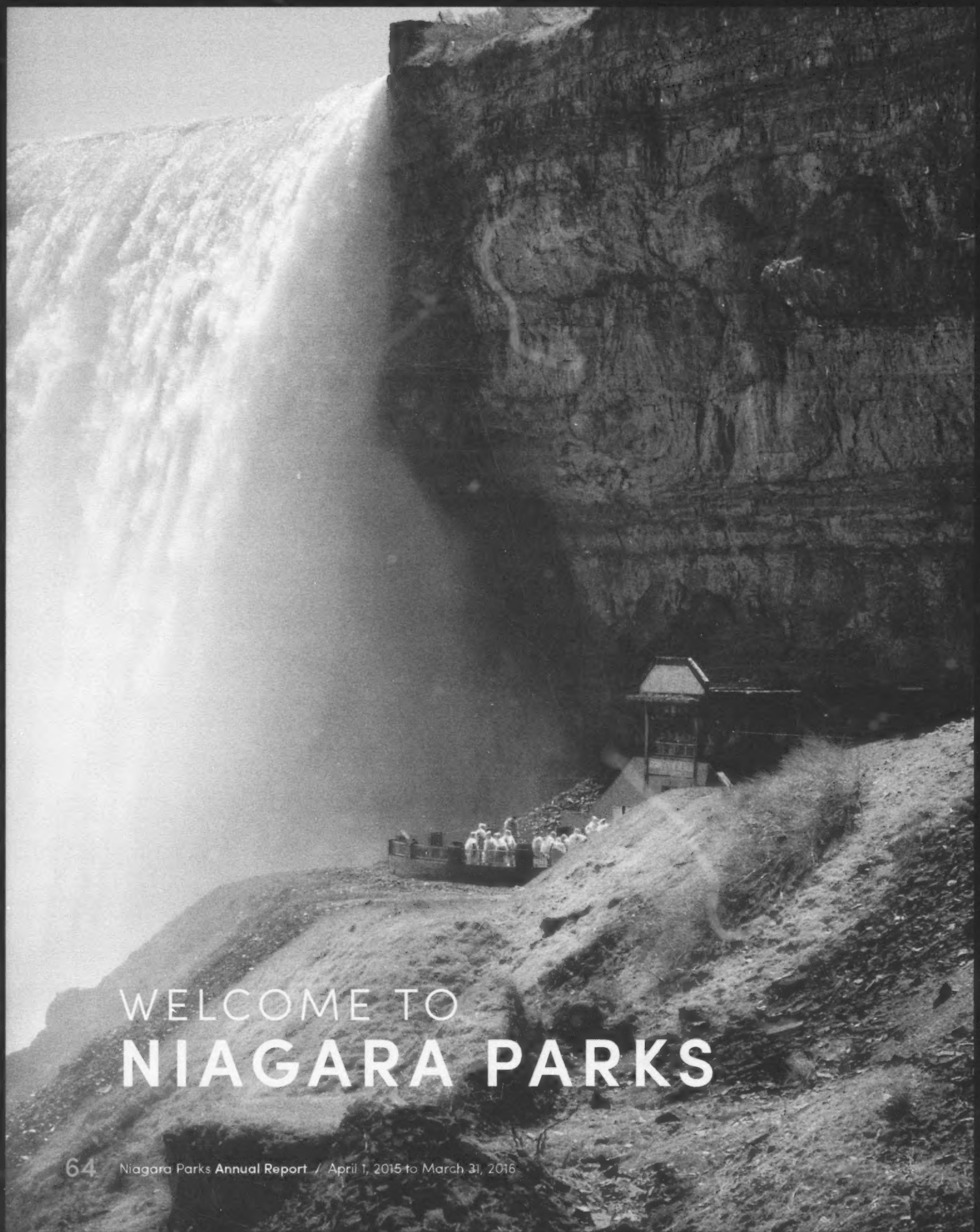
	2016	17 months ended March 31, 2015
		(in thousands of dollars)
Changes in working capital components include		
Accounts receivable	$ (302)	$ 2,143
Inventories - saleable and other	274	(771)
Accounts payable	2,064	(889)
Accrued payroll	117	(245)
Prepaid revenue	(102)	48
Prepaid expenses	(357)	(690)
	$ 1,694	$ (404)
Cash and cash equivalents consist of:		
Cash on hand	$ 395	$ 322
Bank indebtedness	(2,180)	(9,305)
	$ (1,785)	$ (8,983)
Interest received	$ 48	$ 29
Interest paid	$ 1,550	$ 2,381

THE NIAGARA PARKS COMMISSION
Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	Land	Land Improvements	Buildings, Roadways & Structures	Equipment & Furnishings	Vehicles	Capital Works in Progress	2016	17 months ended March 31, 2015
								(in thousands of dollars)
Cost								
Beginning of period	$ 14,359	$ 17,135	$ 227,117	$ 41,388	$ 3,863	$ 720	**$ 304,582**	$ 295,571
Add additions	-	-	-	1,288	223	5,505	**7,016**	9,766
Less disposals	-	-	-	(180)	-	-	**(180)**	(7,755)
Transfers of capital works in progress	-	-	6,000	-	-	(6,000)	-	-
End of period	14,359	17,135	233,117	42,496	4,086	225	**311,418**	304,582
Accumulated amortization								
Beginning of period	-	-	107,812	37,019	3,076	-	**147,907**	137,085
Add amortization	-	-	6,964	1,360	35	-	**8,359**	11,577
Less disposals	-	-	-	(180)	-	-	**(180)**	(755)
End of period	-	-	114,776	38,199	3,111	-	**156,086**	147,907
Net book value	$ 14,359	$ 17,135	$ 118,341	$ 4,297	$ 975	$ 225	**$ 155,332**	$ 156,675

THE NIAGARA PARKS COMMISSION
Schedule of Expenses by Object
For the year ended March 31, 2016

(in thousands of dollars)	Budget 2016	Actual 2016	Actual 17 months ended March 31, 2015
Cost of goods sold	$ 11,207	**$ 13,265**	$ 12,398
Salaries, wages and benefits	44,947	**46,343**	56,635
Sales and other	3,295	**3,466**	4,453
Equipment repairs and maintenance	4,622	**4,451**	5,812
Materials and supplies	2,329	**2,568**	2,663
Advertising and promotion	2,710	**2,684**	3,631
Facilities	6,874	**6,793**	9,506
Administrative	2,982	**3,274**	4,857
	$ 78,966	**$ 82,844**	$ 99,955



WELCOME TO NIAGARA PARKS